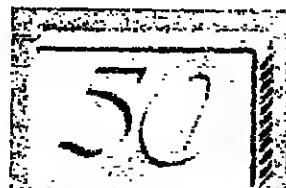




Eastern Europe
Long day's journey
to the market
Page 15



Electronic purse
The everlasting
smartcard
Page 10



Exotic weapons
The guns that
fire toffee
Page 6



Antitrust friction
US tries to send
its laws abroad
Page 12

World Business Newspaper

TUESDAY MARCH 7 1995

D8523A

Yeltsin moves to liberalise Russian trade

Russian president Boris Yeltsin signed decrees revoking all import and export privileges granted to Russian companies in a move which could pave the way to a radical liberalisation of Russian trade. The decrees, prepared in co-operation with Russian prime minister Viktor Chernomyrdin, appear to remove one of the biggest remaining barriers to an agreement between Russia and the International Monetary Fund, which has been pressing Moscow to liberalise its foreign trade regime. Page 16; Chernomyrdin crisis delays EU-Russia trade pact, Page 4; The long day's journey to market, Page 15

Ulster Unionists change weapons stance

The Ulster Unionists threw their weight behind proposals for an outside organisation to help facilitate the decommissioning of paramilitary weapons. The policy change was announced as Northern Ireland secretary Sir Patrick Mayhew flew for talks in Washington where he plans to meet vice-president Al Gore (above), secretary of state Warren Christopher and national security adviser Tony Lake. Page 8

Turkey and EU agree customs pact: The European Union last night agreed a customs union accord with Turkey, a landmark deal which breaks Greece's block on closer economic and political ties between Ankara and the EU. Page 16

Volvo to buy out Clark's stake in VME: Swedish motor manufacturer Volvo is to take full control of VME, one of the world's largest construction and earthmoving equipment makers, by buying out Clark Equipment, its US partner, for \$573m. Page 17

Dasa in Asia jet venture: Daimler-Benz Aerospace, aviation division of Germany's biggest company, teamed up with several South Korean companies, including the Samsung group, to develop a commercial jet in the 100 to 120-seat category. Page 16

UK minister quits over affair: Robert Hughes, 43, a UK junior minister, resigned after admitting to an extra-marital affair. He was the 13th member of prime minister John Major's government to leave over alleged improprieties. Page 8

Spie Batignolles plans to restructure: Spie Batignolles, quoted construction and civil engineering company controlled by Groupe Schneider, warned of substantial additional losses in 1994 as a result of depression in the French property market and plans a financial restructuring. Page 17

China promises spending curbs: China pledged further curbs on wasteful spending in an effort to ease inflationary pressures and restrain its budget deficit, expected to reach Yn66.6bn (\$7.9bn) this year. Page 7

WTO candidate 'too protectionist': The Clinton Administration opposes the candidacy of Renato Ruggiero, the European Union choice to head new World Trade Organisation, because he is "more protectionist than we would like", the White House said. Page 4

Hilldown plans to sell Canadian interests: UK conglomerate Hilldown Holdings is ending its eight-year involvement in the North American food processing industry by tentatively agreeing to sell its 56 per cent stake in Toronto-based Maple Leaf Foods. Page 17

BAA cuts borrowing costs: British Aerospace is refinancing its banking facilities for the second time in two years to cut its borrowing costs and increase the company's flexibility. Page 17

US oil group to develop Iranian fields: Conoco, oil and gas subsidiary of Du Pont, is to develop two offshore Iranian oilfields, marking what is thought to be the first US investment in the country's energy sector since the Iranian revolution of 1979. Page 7

Russian crime wave 'threatens state': Russia's Security Council warned that organised crime in Russia was becoming so serious that it posed a threat to state security. Page 4

WORLD STOCK MARKETS
The world stock markets data on Pages 33, 34 and 35 in today's edition have not been updated with closing prices because of technical problems at data provider Telekurs. We apologise to readers.

NEW YORK STOCK EXCHANGE	
Dow Jones Ind. A	5,973.58 (+18.25)
NYSE Comp. Ind.	7,041.85 (+3.33)
Europe and Far East	
FTSE 100	2,878.32 (+36.17)
Nikkei 225	17,047.72 (+111.1)
US TREASURY RATES	
3-mth T-bill	5.50%
6-mth T-bill	5.50%
1-yr T-bill	5.50%
2-yr T-bill	5.50%
3-yr T-bill	5.50%
5-yr T-bill	5.50%
10-yr T-bill	5.50%
30-yr T-bill	5.50%
OTHER RATES	
UK 3-mth Interbank	5.50%
UK 10-yr Gilt	5.50%
France 10-yr Govt	5.50%
Germany 10-yr Govt	5.50%
Japan 10-yr Govt	5.50%
NORTH SEA OIL (Aargau)	
Brent 15-day (Apr)	\$16.85 (16.79)
Oil close	Y 93.475

Asia	Europe	Latin America	Other
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200
Asia: 3,200	Europe: 1,200	Latin America: 1,200	Other: 1,200

Dollar slides with lack of support ■ European rates hit record lows

Currency crises lift D-Mark

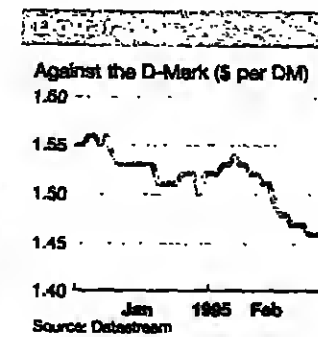
By Philip Gawth and Philip Coggan in London and William Dawkins in Tokyo

Turmoil swept the foreign exchange markets yesterday, as the failure of Friday's central bank support for the dollar and the weekend devaluation of the Spanish peseta and Portuguese escudo caused a renewed flight to the safe haven of the D-Mark.

There was no further concerted support for the dollar, which fell to an all-time low of ¥92.40 in afternoon trading in Europe having earlier touched its historic low against the D-Mark of DM2.360 in Asian trading.

While the dollar was fairly steady in Europe, most European currencies suffered heavy losses against the D-Mark. Currencies which reached new lows included the French franc and Italian lira, the Spanish peseta and the Portuguese escudo.

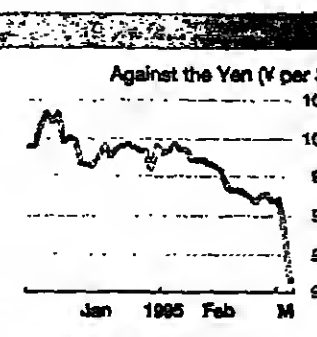
In Tokyo, Mr Masayoshi Takemura, the Japanese finance minister, told an emergency meeting



of government and opposition parties: "We have been intervening until now, but I'm worried as there has been no visible effect."

The Japanese government urged closer co-ordination among members of the Group of Seven leading industrial countries to combat exchange rate pressures. The Bank of Japan was the only central bank to back the dollar.

The dollar's continued fall rekindled warnings from Japanese business leaders that export-



ers would be unable to cope with this fresh erosion of their international competitiveness.

Elsewhere, sentiment towards the dollar remained negative, with most observers expecting it to fall further. Mr Mark Cliffe, chief international economist at HSBC markets in London, said: "I think the market is still gearing up for another major assault on the dollar."

Sterling was also a victim of D-Mark strength, plunging four

Pages 2 and 3

- A test for the ERM
- Madrid's brave face
- Dollar mugged
- Yen heads for danger
- Lisbon follows reluctantly

Editorial Comment, Page 15; Lex, Page 16; Currencies, Page 27; London stocks, Page 32; World stocks, Page 36

absence of comment yesterday from US and European bankers and politicians about current exchange rate tensions. Canada, current chairman of the G7, said there was no emergency meeting scheduled to discuss currency markets.

Earlier the US Federal Reserve had been forced to deny a rumour that the policy-making Federal Open Market Committee was having an emergency meeting to discuss the dollar.

After falling sharply in Asian trading, the dollar traded steadily in Europe. Dealers were reluctant to sell the dollar aggressively for fear of being caught out by further intervention. Traders said the dollar was also in a quiet period following the sharp falls of recent days.

Currency pressures spilled over into US and German bond markets. In the US, the 30-year Treasury bond was down by nearly a point in early New York

Continued on Page 16

Mexican peso falls to new low against dollar

By Stephen Fidler, Latin America Editor, in London

The Mexican peso slumped to a new all-time low against the dollar yesterday, raising questions about whether the International Monetary Fund and the US will be willing to provide further finance for the country.

The gloom over the currency was blamed on uncertainty about the government's economic policy and worries about the health of the financial system following the government takeover of a bank last week. There were also questions about the ability of the administration of President Ernesto Zedillo to handle both a deep financial crisis and a political crisis.

In an apparent reaction to Mexico's difficulties, Brazil changed its currency regime yesterday, prompting a fall in the Real of more than 2 per cent. However, the move was not viewed as a panic measure but rather an attempt to avoid the build-up of Mexican-type pressures on the economy.

Mr Paulo Leme, an economist at Goldman Sachs in New York, said Mexican peso weakness was also explained by the continued expansion this year of money supply by the central bank at a time of falling money demand. Excess pesos were thus being converted into dollars and putting the exchange rate under pressure.

The developments mean that foreign creditors, including the IMF and the US, may be unwilling to put up further large amounts of credit as part of a \$50bn rescue package announced at the end of January, some observers said.

Given the criticism of the rescue package in Congress and its unpopularity in the US, "there is no way that the [US] Treasury will do it again," said Mr Rudiger Dornbusch, economics professor at the Massachusetts Institute of Technology.

In Brazil, the central bank said it was introducing a system of bands within which the Real can float against the US dollar. It

Continued on Page 16
Brazil allows Real to fall, Page 6

Dutch bank ING given clearance to buy Barings

By John Gepper, David Wighton and John Mason

Internationale Nederlanden Group, the Dutch bank, was yesterday cleared to acquire the operations of Barings, the failed UK merchant bank, in spite of the concerns of holders of £100m (£100m) of bonds, who stand to lose most of their money.

ING received High Court approval, as well as clearance from the Bank of England, for a deal under which it will take on losses - now estimated at £600m - allegedly built up by Mr Nick Leeson, its Singapore-based trader in financial derivatives.

Mr Aad Jacobs, ING chairman, said most Barings staff would be paid 1994 bonuses, although executive directors on Barings' board had waived them and senior employees directly involved in losses would also be denied them.

The deal means Barings' other creditors, depositors and customers should receive money owed to them in full. Mr Jacobs said ING was "going to pay the bonuses, but you cannot expect that we will pay the bonus for example to Mr Leeson".

Mr Jacobs expressed faith in management and information technology systems used by Barings to control risk in the Barings Futures (Singapore) unit, formerly managed by Mr Leeson, who is detained in a Frankfurt

Special reports Page 18

Muted bank of market watchdog Page 7

Letters, Page 14; Editorial Comment, Page 15; Observer, Page 15; Lex, Page 16

prison. He said all senior executives of the group would be employed by ING, working under Mr Hassel Lindenberg, its board member for investment banking, at least until the Bank of England's inquiry into the affair was complete. ING will take on the £600m losses, and will inject £600m into the securities, corporate finance and asset management arms. After taking into account original shareholders' funds of £400m, the new business will have net assets of £200m.

ING is not acquiring the holding company Barings plc, and is offering £5m to purchase £100m of perpetual subordinated capital issued in January last year. It may eventually make a further £20m payment towards re-paying

these bondholders.

Mr Jacobs said ING was taking on only liabilities that had been discovered by yesterday, and future claims would fall on Barings plc, which is likely to be put in liquidation by the bank's administrators, Ernst & Young.

The deal, agreed with administrators on Sunday in the hope of retaining employees and clients, will allow the three Barings operations acquired by ING, which has £135bn of assets, to continue trading under the same names.

Vice-Chancellor Sir Richard Scott, the high court judge, said he sympathised with bondholders who might be less well covered by the rescue than under a liquidation. However, this was insufficient reason to block the accord.

Under liquidation, creditors of Barings Brothers, the merchant bank, would have received 60p to 70p in the pound, Barings Securities creditors between 20p to 30p, and those of the asset management business an uncertain amount.

French utilities giant set to bid for UK water company

By Peggy Hollinger in London, Chris Tighe in Newcastle and John Rickling in Paris

Lyonnais des Eaux, the French utilities and communications giant, yesterday signalled its intention to launch the first takeover bid for a major UK water and sewerage company.

It revealed plans to make a cash offer for Northumbrian Water, but said it wanted to settle the regulatory framework before putting a cash offer on the table. Analysts said yesterday they expected a bid to be pitched at about £8.50 a share, which would value Northumbrian at £582m (£925m). Northumbrian's shares closed last night at £8.70.

Water company shares jumped sharply, but there was little expectation that Lyonnais's declaration would lead to an immediate bid for another water company, even though the first bid for an electricity company prompted widespread takeover speculation in the power sector.

"There is not likely to be another bid right away," said Mr Robert Miller-Bakewell, water analyst with Nat West Securities, "although if someone wants to enter the fray, they would be sensible to declare an interest now."

Lyonnais must clear several hurdles before it makes its cash bid. UK regulation requires any offer for a water company with assets of more than £30m to be referred to the Monopolies and Mergers Commission, which would force a bid to lapse. The potential bid would also be subject to European Union competition rules.

The UK's Department of Trade and Industry was in discussions with the European Commission yesterday, but said it expected regulatory issues to be examined by the MMC while the Commission would investigate competitive issues. The Office of Water Services, the UK regulator, said yesterday it saw no difficulties with a potential takeover, even from a foreign company, as long as customers benefited from any savings. It will contribute evidence to the MMC inquiry.

Lyonnais said it had declared its interest in order to get the regulatory process started, which could take up to three months. It did not expect to announce a formal cash offer until the summer.

Lyonnais described the offer as a strategic move, consistent with its policy of expanding its water activities in international markets. A series of acquisitions and investments over recent years have taken its total number of water services customers to more than 40m, of which more than 28m are outside France.

Northumbrian's initial response was frosty. "Lyonnais's unsolicited response is unwelcome," Mr Mike Taylor, Northumbrian's finance director said.

Lex Page 16
French cash bread on Northumbrian Water Page 17

hurdles before it makes its cash bid. UK regulation requires any offer for a water company with assets of more than £30m to be referred to the Monopolies and Mergers Commission, which would force a bid to lapse. The potential bid would also be subject to European Union competition rules.

News	Weather	Lex	Business Law	Art	Commodities	FT Actuarial	FT World Actuarial	Foreign Exchanges	Gold Markets	Equity Options	Int. Bond Service	Managed Funds	Money Markets	Poverty Issues	Share Information	Trade and Options	London SE	Wall Street	Source
European News	2-4	18	12	13	25	32	27	27	25	26	20,22,23	30,31	27	36	28,29	30	28	35-36	33,36

"I know it's late, but I'd like some sushi. How far do I have to go?"



You needn't ever leave the comfort of your Four Seasons room to be transported by a talented chef. Room service menus abound with regional selections: from deep-dish pizza, to steamed bass prepared without unwanted calories, to homemade chicken soup at midnight. For the same breadth of choice in another unequalled setting, simply visit our restaurants downstairs. In this value-conscious era, the demands of business demand nothing less. To reserve, phone your travel concierge or call us toll free.

FOUR SEASONS HOTELS
For 4 Seasons, call 1-800-451-4511

NEWS: CURRENCIES IN TURMOIL

FT Correspondents look at the background and implications of the peseta and escudo devaluations

A test for the ERM and a warning for Emu

By Peter Norman and Lionel Barber

Never underestimate the capacity of policymakers to make a virtue out of necessity. The weekend devaluations of the Spanish peseta and Portuguese escudo in the European exchange rate mechanism yesterday prompted a chorus of upbeat remarks about the state of the ERM and the prospects for economic and monetary union in Europe.

Mr Yves-Thibault de Silguy, who recently became European commissioner for monetary affairs, took what seemed a decisive shift along the spectrum from Europe's official monetary cheerleader to unashamed Pollyanna when he declared that the weekend realignment was "proof that the exchange mechanism is working well".

Through his spokesman, he

let it be known that the planned creation of a European single currency was not affected.

Mr Theo Waigel, the generally genial German finance minister, is sometimes provoked by international monetary events into showing a more acerbic side of his character. Not so yesterday.

"The measures", he said, "underscore our readiness to make currency adjustments when necessary. This ensures the viability of the European Monetary System for the future as well."

However, Europe's central banks were noticeably silent in the aftermath of the weekend activities. It was far from clear whether the 7 per cent devaluation of the peseta and the 3.5 per cent devaluation of the Portuguese escudo presaged calm in the ERM.

First, it took the secretive

European monetary committee - the panel of national treasury and monetary officials - almost 11 hours to reach a decision at its emergency session on Sunday evening in Brussels.

The mood was soured from the outset because the Portuguese felt the Spanish call for a devaluation left them no option but to follow suit because of the interdependence of the two Iberian economies.

Yesterday's initial reaction on the foreign exchanges was not encouraging. The French franc fell to an all-time low against the D-Mark of FF3.551. Although still some way off the FF3.8948 intervention point at which the Bank of France would have to sell D-Marks and buy francs, the new low for the French currency was a reminder that it had lost 2 per cent of its value

against the D-Mark within a month.

For many months, the 15 per cent ERM fluctuation margins, which were agreed in August 1993 after a year of turmoil in the EMS, appeared so wide as to banish all thought of currency crisis in the ERM. The slide of the peseta and its weekend devaluation has revived this spectre.

If the French franc was under attack yesterday, how long would it be before foreign exchange speculators levelled their sights on other currencies?

Mr Brian Martin, currency analyst at Barclays Bank in London, predicted yesterday that "ripple effects" might spread from the French franc to the Belgian franc, Danish krone and Irish punt.

In particular, Belgium's high public debt level, at 136 per cent of gross domestic product,

could undermine confidence there.

It is just possible that the current ERM tensions are primarily a product of the dollar's weakness. On this argument, the strains in the ERM should subside once the dollar, which most analysts agree is undervalued, regains some of its strength against the D-Mark.

But ERM countries have their fair share of economic difficulties. The communiqué issued by the monetary committee highlighted Spain's fiscal problems without giving financial markets any clear idea of exactly how they would be resolved.

France, although experiencing a steady recovery and low inflation, worries markets because of its high unemployment rate of more than 12 per cent and a budget deficit of 5.7 per cent of GDP.

In such circumstances, and

ahead of an election, the French government's decision to underwrite more than FF100bn (€12bn) of doubtful loans made by Crédit Lyonnais may be understandable. But it does little for confidence.

One immediate result of the twin devaluation is likely to be the sinking of what slim hopes both Portugal and Spain entertained for joining Emu in 1997, the earliest possible date under the Maastricht treaty.

Under the treaty, putative Emu members must curb their annual budget deficits and stock of government debt to 3 per cent and 60 per cent of GDP respectively, or show credible, sustainable progress toward meeting these targets.

They must also avoid devaluing the bilateral central rates of their currencies against any other member for two years.

Even allowing for the many let-out clauses in the Maa-

tricht treaty, this exchange rate stipulation looks like ruling out Spain for Emu in 1997.

But Portuguese officials said yesterday that one of the Maastricht protocols might offer a reprieve because the ban only applied to a country which devalues "on its own initiative". In their view, the Lisbon government did not do this on Sunday.

However, all these arguments may be academic because the target of 1997 for Emu is looking increasingly remote. When EU finance ministers met in Brussels last month, the UK, Germany, Ireland and Luxembourg all spoke out against promoting the idea of an early move to a single currency, pointing out that the economic fundamentals were not in place.

Notwithstanding the optimistic sentiments of EU monetary officials yesterday, the week-

The ERM since 1989

- Jun 1989: Peseta enters ERM (with wide 6 per cent bands)
- Oct 1989: Sterling enters ERM (with wide 6 per cent bands)
- Apr 1992: Escudo enters ERM (with wide 6 per cent bands)
- Sep 1992: Lira and sterling leave ERM; peseta devalued 5 per cent
- Nov 1992: Peseta and escudo devalued 6 per cent
- Feb 1993: Irish pound devalued 10 per cent
- May 1993: Peseta devalued 8 per cent; escudo 6.5 per cent
- Aug 1993: ERM fluctuation bands widened to 15 per cent
- Mar 1995: Peseta devalued 7 per cent; escudo 3.5 per cent

end's events have strengthened rather than weakened the case for caution and delay.

ERM parity grid

Bilateral central rates and selling and buying rates from March 6 1995

		Sch 100=	BP/ Lfr 100=	DKr 100=	FFr 100=	DM 100=	EC 1=	Fl 100=	Esc 100=	Pta 100=
Austria	S					243.586	19.971	725.065	7.57000	6.60338
	C					243.586	19.971	725.065	7.57000	6.60338
Belgium-Lux.	S	340.420				243.586	19.971	725.065	7.57000	6.60338
	C	293.163				243.586	19.971	725.065	7.57000	6.60338
Denmark	S		21.477			243.586	19.971	725.065	7.57000	6.60338
	C		21.477			243.586	19.971	725.065	7.57000	6.60338
France	S	55.3545				243.586	19.971	725.065	7.57000	6.60338
	C	55.3545				243.586	19.971	725.065	7.57000	6.60338
Germany	S	16.5596				243.586	19.971	725.065	7.57000	6.60338
	C	16.5596				243.586	19.971	725.065	7.57000	6.60338
Ireland	S	6.4544				243.586	19.971	725.065	7.57000	6.60338
	C	6.4544				243.586	19.971	725.065	7.57000	6.60338
Netherlands	S	18.3363				243.586	19.971	725.065	7.57000	6.60338
	C	18.3363				243.586	19.971	725.065	7.57000	6.60338
Portugal	S	169.810				243.586	19.971	725.065	7.57000	6.60338
	C	169.810				243.586	19.971	725.065	7.57000	6.60338
Spain	S	169.810				243.586	19.971	725.065	7.57000	6.60338
	C	169.810				243.586	19.971	725.065	7.57000	6.60338
Sweden	S	104.130				243.586	19.971	725.065	7.57000	6.60338
	C	104.130				243.586	19.971	725.065	7.57000	6.60338

S = Exchange rate at which the central bank of the country in the left hand column will sell the currency identified in the row at the top of the table.
C = Bilateral central rate.
S = Exchange rate at which the central bank of the country in the left hand column will buy the currency identified in the row at the top of the table.
These buying and selling rates will not be operational. Reflecting a bilateral agreement between the German and Dutch monetary authorities, the following rates will continue to apply: Netherlands (100DM: selling 115.2350, buying 110.1875); Germany (100Fl: selling 50.7700, buying 48.75).

FRANCE AND SWEDEN - by David Buchanan and Christopher Brown-Humes

Franc and krona come under fire

The French franc and Swedish krona yesterday came under fire after the weekend devaluations, falling to record lows against the D-Mark.

Attention focused particularly on the consequences for France, where currency worries pushed the Paris Bourse CAC 40 index briefly down to its lowest point since December 1992.

The flight of money chiefly out of the dollar, but also the peseta and escudo, into the D-Mark, has increased strains on the link between the franc and the D-Mark, already put under tension by uncertainties ahead of the French presidential election.

"We are a little worried about the franc," Ms Esther Baroudy, senior economist with Credit Lyonnais, said yesterday, adding that "after breaching the FF3.85 threshold (against the D-Mark), the next level that may be tested is FF3.80". However, in common with other economists who regard France's economic fundamentals as generally sound, Ms Baroudy did not see any danger of the franc hitting its FF3.89 floor in widened ERM bands.

In the face of the latest bout of pressure, the Bank of France has held its money market tender rate steady at 5.00 per cent and its 5-10 day repurchase

rate at 6.40 per cent. However it has for some time been tightening liquidity in the system and since last week it has let the rate for 24-hour call money float up from 5 per cent to 6 per cent. Meanwhile, the rate for three-month money has risen from 5.5 per cent to 7 per cent over the last week.

In general terms, the Bank of France has used the wider ERM margins since August 1993 to track the Bundesbank's interest rate policy, while letting the exchange rate act as a buffer for short-term strains. The French central bank claims that the franc's latest problems are primarily the result of the dollar's decline and of electoral uncertainties at home.

Over the weekend, Mr Michel Sapin, the former finance minister who is a member of the central bank's monetary policy committee, warned presidential candidates not to let their campaign rhetoric rock the franc. In a newspaper article, he wrote, "The franc has extremely solid founda-

tions, but it is still prone to madly flirts. Let us protect it."

The sharp drop in prime minister Edouard Balladur's standing in the opinion polls, and the rise in support for his fellow Gaullist Mr Jacques Chirac, and for Mr Lionel Jospin, the Socialist candidate, has caused some unease in the markets. While Mr Balladur has stressed the need to control public deficits, Mr Chirac and Mr Jospin have made job creation their top priority, even at the risk of appearing to encourage a laxer fiscal policy. According to Mr Jean-François Mercier, an analyst with Salomon Bros, these three main candidates "seem to endorse economic and monetary union, but Mr Chirac and Mr Jospin appear less enthusiastic than Mr Balladur about an early move to a single currency."

In Stockholm, the parallel fall of the krona to a record low against the D-Mark forced up interest rates sharply, hitting government efforts to cut the deep budget deficit.

The currency fell to SKr5.19 to the D-Mark at its lowest, but later rallied to SKr5.16, against SKr5.06 at Friday's close. The unrest pushed five-year bond yields up 25 basis points. The stock market fell 2.2 per cent.

Many analysts believe the Riksbank, the central bank, will increase interest rates today to maintain its anti-inflationary credentials.

Calls are increasing for the ruling Social Democrats to take tougher measures to cut Sweden's budget deficit, running at 11.5 per cent of gross domestic product, to reduce the country's exposure to volatility in financial markets.

"The pressure is building up for a further package of savings cuts," said Ms Annika Melander, a senior economist with Sweden's Al Carl Bildt, the leader of the opposition Moderate party and prime minister between 1991 and 1994, called for a further SKr20bn package of cutbacks to lift international confidence in the country's efforts to stabilise its fast-growing debt.

GERMANY - By Andrew Fisher and Michael Lindemann

Fears for German growth

Anxieties about the impact of the higher D-Mark on German economic growth, exports and employment have been sharpened by the devaluation of the Spanish peseta and Portuguese escudo.

If the D-Mark stays at its present level - having risen by 4 per cent since December on a trade-weighted basis - west German growth will barely rise above 2 per cent this year, Westdeutsche Landesbank said yesterday.

The consensus growth forecast has previously been about 3 per cent. Inflation, however, would ease to 2 per cent, WestLB said.

But the bank thought the D-Mark's strength might abate from now on, as this reflected political and economic weaknesses abroad and on the strength of the German economy.

It said the current high level of the D-Mark, with the dollar falling below DM1.40 yesterday compared with DM1.45 on Friday, was "speculatively overstretched".

Mr Theo Waigel, the German

finance minister, welcomed the devaluation of the peseta, saying the prompt decision was proof that the broader ERM bands within which the European currencies are allowed to fluctuate was working well.

"The decision" ensured that the European Monetary System will also work in future," Mr Waigel said.

The fact that Spain had opted in favour of policies designed to improve exchange rate stability was also a step in the right direction, the German finance minister added. "It is decisive for the relationship between currencies within the European Union that they are linked to policies which are directed at economic convergence."

Taking a pessimistic line, Dresdner Bank doubted whether the two devaluations would be enough to ease tensions in the ERM. It said the hastily decided budget measures in Spain were inadequate to consolidate the country's finances.

Dresdner said the latest developments in the ERM also

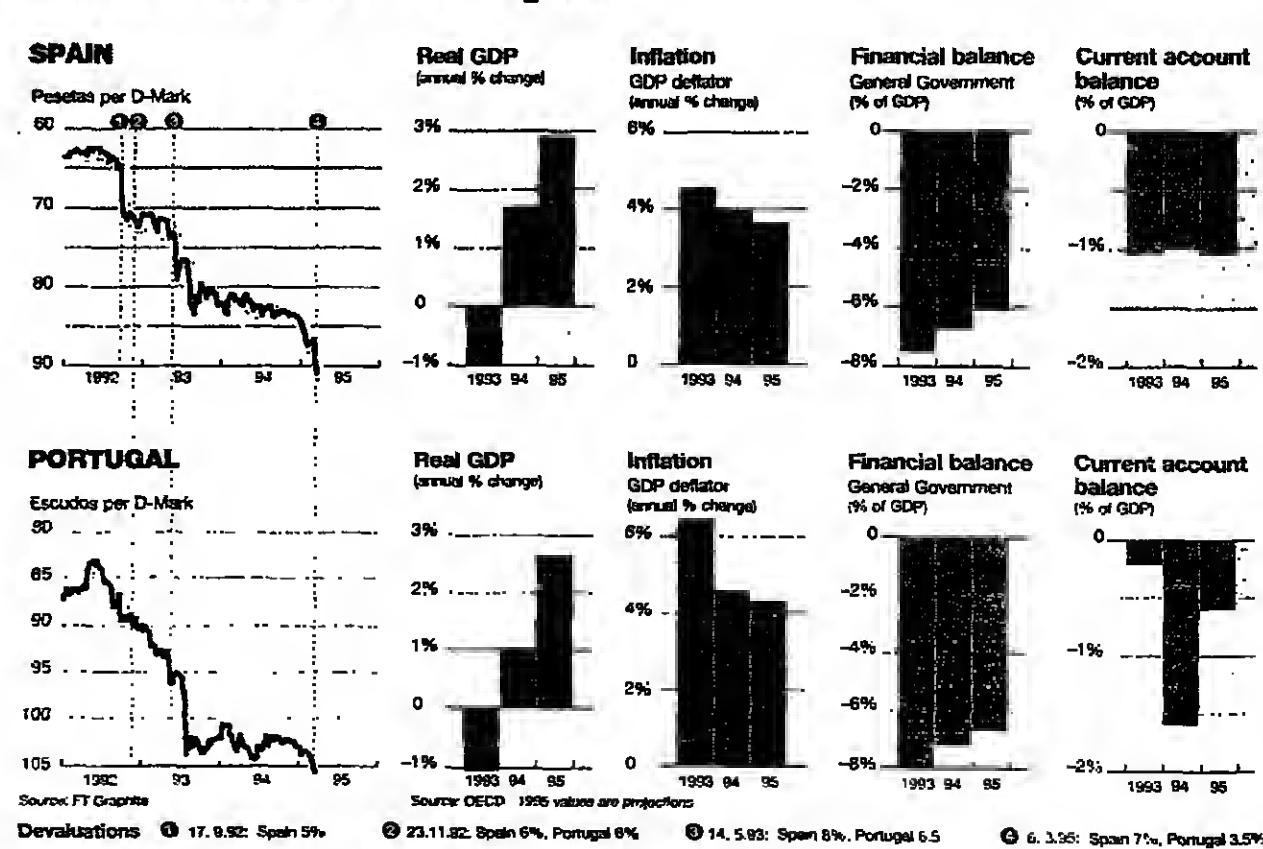
made the division among European currencies even clearer. The stable core of the ERM comprised a group of countries with a high level of economic and thus currency stability; these especially included Germany, the Netherlands and Austria.

France, Belgium and Ireland are also within this core, but further to the edge. Strong speculation against their currencies is possible, but central banks would do their utmost to keep them within the permitted fluctuation bands. The lira, sterling, the peseta and the escudo are outside this core, Dresdner said.

The bank added that further devaluations or the departure of currencies from the ERM would occur if pressure from the foreign exchange markets continued.

"To this extent, the membership of the peseta and escudo in the exchange rate mechanism is almost insignificant." Some market sources thought the Bundesbank would be happy to see the peseta leave the ERM.

The two economies in the firing-line



Lisbon follows with reluctance

The Portuguese proverb "only ill winds blow from Spain" could not have been from the minds of Lisbon officials when they reluctantly decided that the escudo should accompany the peseta's devaluation.

Central bank officials played down their disenchantment by describing the realignment as merely a "technical adjustment". But being hastily forced into a decision to follow Spain's devaluation, even though the escudo was under no undue pressure, clearly rankled.

"The poor old Portuguese have been caught in a snare created by the devaluation of their neighbour," said a senior European economist with a London-based bank.

"Their own economic virtuosity has been ignored by everybody. It's rough, but that's life," he added.

Portugal's unwilling decision to devalue was an acknowledgment that the escudo and peseta are linked in the perception of international markets, despite differences in their economies.

Economists said a failure to accompany Spain's step could have threatened the credibility of Portugal's exchange rate policy and provoked speculation against the escudo. It was a bitter pill for Portu-

gal after success in lowering annual inflation to 4 per cent in December, the lowest in 25 years.

Portugal's central budget deficit dropped to 5.8 per cent of gross domestic product last year from 7.4 per cent in 1993, even though these figures are lower than those for the general government deficit (including municipal authorities) issued by the Organisation for Economic Co-operation and Development.

Official reserves are at a healthy level, covering more than eight months of imports, while political tensions are lower than in Spain.

Mr João Costa Pinto, deputy governor of the Bank of Portugal, said Portugal had decided to lower the escudo's parity to preserve long-term confidence in the currency.

The escudo has remained within a stable band of between Es101.5 and Es104.5 to the D-Mark since August 1993, it slipped to Es105.51 yesterday from Es103.94 on Friday.

Traders said the central bank made no significant currency intervention yesterday and money market intervention rates were left unchanged.

Mr Costa Pinto said the central bank would continue to preserve exchange rate

stability. "We don't want to jeopardise economic recovery now that we are in a position to take advantage of the favourable evolution of inflation," he said.

But one Lisbon economist said: "We now expected the escudo to fall to between Es105 and Es108 to the D-Mark. He said this would damage expectations of a continuing decline in inflation."

"Portugal has lost an excellent opportunity to outpace the escudo from the peseta," he said. "An appreciation of more than 6 per cent against the peseta over the past six months proves that the escudo need not suffer as a result of Spain's political and economic problems. But Portugal is now showing that its exchange rate policy is not, in fact, stability but simply to follow Spain."

Portuguese officials were not excessively concerned about a loss of competitiveness for its exports to Spain, Portugal's second most important client, which accounts for 18 per cent of total exports. Exports to Spain rose by 20 per cent last year, despite appreciation of the escudo.

But Portugal clearly feared that any further devaluation of the peseta would give Spain an important edge in export markets and would also benefit Spain's tourism sector.

Dollar mugged – but nobody seems to care

■ WHERE TO NOW – By Philip Gawth

The dollar has been mugged and nobody seems to care. That is in essence why the world's premier reserve currency has fallen to record lows against the D-Mark, yen and Swiss franc.

The initial mugging took place last December when the Mexican crisis broke. Investors left the office for Christmas with the dollar at DM1.58, up from a low of DM1.49 in early November. When they returned in January, it was at DM1.53.

Mexico hurt the dollar in various ways. Markets believe the US Treasury will have to pick up the tab for any assistance. A slowdown in Mexican growth will hurt US exports. Traders are also concerned that peso weakness might inhibit US authorities from raising interest rates, while Mexico has contributed to a

general flight to safety, which has benefited the D-Mark. Subsequent events have done little to alter the dollar's status as victim of events. The strength of the D-Mark is a function of political and economic developments in Europe. Taken together with the salutary spectacle of Mexico, events in Europe have served to bolster safety-first strategies. Most investors are content to minimise risk rather than maximise profit.

This flight to safety hits the dollar twice. Not only does it suffer at the hands of the stronger D-Mark, but it becomes the victim of its reserve currency status. Mr Richard Medley, chief executive of Kouri Capital in New York, notes: "When you have a large scale liquidation of assets in the third world, a reserve currency is not a safe haven."



The dollar continues to pay the price for the mistaken weak dollar policy of the [Clinton] Administration's first two years in office. People just can't forget that

On the contrary, it gets sold as central banks in these countries try to defend their own currencies.

Not all of the dollar's problems start beyond its borders. Next to Mexico and Europe, the other main bugbear for the dollar has been a change in interest rate expectations.

Movements in short-term interest rates are often an

unreliable guide to exchange rate moves. But the trend in the dollar/D-Mark rate has been highly correlated, since the start of the year, with the fall in the interest rate differential between US and German short rates, from 200 to around 100 basis points.

This shift in the outlook for interest rates is the result of changing views about the US

and German economies. Federal Reserve officials have left the market in no doubt that they believe the US economy is slowing.

The market has thus cut its expectations of how far US interest rates will rise. Many believe that the Fed may raise rates only once more in the current tightening phase.

Simultaneously, many inves-

tors have brought forward their expectations of when German rates will rise. Germany's economy was the fastest growing in Europe during the second half of last year.

Behind the interest rate picture lurks a deeper concern about whether the US administration is concerned about the current level of the dollar. Mr Medley notes: "The dollar con-

tinues to pay the price for the mistaken weak dollar policy of this Administration's first two years in office."

"People just can't forget that," he added.

The dollar is also not a key focus for the Fed.

As Ms Susan Phillips, a Fed

in mind that the United States has a very large domestic economy and I think that domestic economic considerations in many ways are certainly primary."

Thanks to the weakness of the Mexican peso and the Canadian dollar, the US's largest trading partner, the Fed can also point to the fact that the trade-weighted dollar is not weak on an historical basis.

Others argue that it is in long-term decline, the result of perpetual current account deficits, probably exacerbated by a shift out of dollars as the world's reserve currency.

In the short term, however, the speed of the dollar's fall – it has dropped by around 15 pence over the past two months – makes it ripe for a short-term correction. Something more lasting is likely to require a shift in monetary policy, or interest rate perceptions, in the US, Germany or Japan.

■ DISMAY IN JAPAN – By William Dawkins

Rising yen nears the danger point

Corporate Japan yesterday nattered another chorus of dismay, as it always does when the yen touches a new high against the dollar.

Mr Shoichiro Toyoda, chairman of the Keidanren business federation, warned that the very survival of Japanese companies was threatened.

Yet somehow, those same companies, especially Mr Toyoda's own Toyota car group, one of the most efficient in the world, have always found fresh cost cuts to compensate for the damage to their international price competitiveness inflicted by previous yen rises.

The latest jump in the Japanese currency, to a record ¥92.7 to the dollar in Tokyo at one moment yesterday, brought it 7.7 per cent above its level at the turn of the year and a breathtaking 32 per cent above where it stood at the end of 1992.

All this invites the question of at what point the yen's rise will start to force corporate Japan to cut costs more aggres-

sively than its social taboo against redundancies has so far permitted. Another debate is at what level the exchange rate will throttle Japan's already weak economic recovery.

An instant poll of Tokyo economists suggests that the danger point is approaching, but is not yet here.

Economic growth will only suffer if the yen stays at its current height for between three and six months, to give time for export contracts fixed at new higher exchange rates to take effect.

For now, the market is expecting gross domestic product to rise by around 1 per cent in the current fiscal year to the end of March, and nearly to double in 1995. If the yen stays at the danger point until the autumn, economists will be cutting those forecasts.

But beyond that, most economists believe that the yen should, if the exchange rate were to reflect Japanese fundamentals rather than economic turmoils elsewhere, eventually

weaken again against the dollar.

Japan's current account surplus is declining and its interest rates are low enough, by comparison with US interest rates, to suggest that capital should eventually flow out of Japan again.

The mechanism by which Japan's high exchange rate affects its economy, mostly for ill but also for good, works in three ways:

● **Exports:** The latest yen rise in a consequence of the weakness of the dollar. So the main risk is that there will be a drag on exports to the US, representing a third of Japan's foreign sales, which in total represent around 15 per cent of gross domestic product. Exports to Asian countries which link their currencies to the dollar would also be affected.

This matters, because stronger than expected US demand for Japanese goods last year, plus a rise in private consumption – nearly 60 per cent of gross domestic product – were

the two main factors in the economic recovery, points out Mr Richard Werner, chief economist at Jardine Fleming in Tokyo.

● **Imports:** A yen-induced surge in cheap imports began two years ago and was up an annualised 22 per cent in January. This is partly bad for the economy in that imports are a direct drag on growth and erode Japanese companies' domestic market share. Foreign produced cars for example took a record 6.6 per cent domestic market share in February, according to industry figures.

The rise in cheap imports is one factor in a decline in consumer prices, generally estimated at between 0.5 per cent and 1 per cent annually. Officially, inflation is stagnant, at just under 1 per cent, but the government's figures exclude discount stores, the fastest growing retail sector.

● **The industrial base:** A sus-

tained rise in the yen is bound to hasten industrial hollowing out, the shift of production to cheaper foreign locations. At the latest count in 1993, nearly 16 per cent of Japanese manufacturing was overseas, according to the Bank of Japan, up from 14.3 per cent in 1992, but still small by comparison with the US, which keeps 27 per cent of its production offshore.

Many in the Japanese central bank see this exodus as healthy because it makes companies more efficient and productive, so long as they are not merely shifting surplus capacity abroad.

Clearly, companies with foreign factories win when the yen rises because it makes their reimported products cheaper than those of the domestic competition.

However, the shift also constrains corporate investment in Japan, an engine of previous recoveries.

With the yen at this level, Japanese groups will be even more tempted to put their new factories in Thailand.

■ LATIN LESSONS – By Stephen Fidler

Southern neighbours seeking a new model

The dollar may look weak from the Japanese or German vantage point, but it seems a pillar of strength if you are sitting in Latin America.

There the crisis provoked by Mexico's devaluation to December – which has triggered outflows of capital from most Latin American financial markets – has prompted deep questioning about the use of an exchange rate anchor to bear down on inflation.

"Once again in Latin America, fixed exchange rates have misled investors and misled governments into thinking foreign capital would come in," said Mr Arturo Porzecanski of ING Securities in New York.

"We have to demystify the exchange rate." The lessons that Latin American governments draw from the onslaughts against their currencies will have a critical influence on their economic policy in years to come.

They have often come to grief from their fondness for fixing their exchange rates to the mighty greenback. The policy is popular since it often provides for a sharp fall in inflation and allows the middle classes to buy cheap imports and afford holidays in Miami. It usually comes unstuck as domestic inflation exceeds that in the US, prompting a real appreciation of the exchange rate not justified by underlying gains in productivity.




When it does unravel, as in Mexico, the shock to financial systems – and the impact on the underlying economies – can be devastating.

Just such a financial crisis and deep recession in Chile in the early 1980s – which followed a period of fixing the currency – was followed by a switch to an exchange rate policy which aimed at maintaining competitiveness. This

slowed the rate of decline of inflation but, along with other policies which for example raised domestic savings, has allowed Chile to escape most effects of the current crisis. Some economists argue that a Chilean model will become the dominant currency regime in the region.

The Brazilian government hinted yesterday that it might have some kind of Chilean model in mind, by allowing its currency to devalue and thereafter trade in a wide but predetermined band.

There is an alternative model which some are suggesting: a currency board. This – where money can only be created if backed by foreign currency reserves – is a tougher regime than most Latin American governments have been willing to commit themselves to this century. Argentina has done just that, fixing its peso to the dollar by law.

You can't hum our anthem.  You can't even draw our flag.  Still, now you know the name  of our AAA-bank.

Introducing Rabobank. Know us as one of the very few AAA-rated banks, and the only one from Holland. We're the biggest retail bank in our own domestic market, with the largest share of corporate, private and business clients. Internationally our focus is on food & agribusiness, financial markets and private banking. We're among the top 15 in European banking and top 20 in the world. And with 50 offices in 30 countries worldwide, you can see that we're well worth knowing. For more information, call (31) 90 902804.

Rabobank. The strongest Dutch bank in the world.



Rabobank

New star in Italian television industry

By Robert Graham in Rome

Mr Vittorio Cecchi Gori, the Italian film distributor and producer, has emerged as a new force in the controversial world of Italian television ownership.

Over the weekend he concluded negotiations to buy Videomusic, a small specialised music channel, from the Lucca-based Marzocchi family for some 1,600m (€23m), plus a further 1,450m to cover outstanding debt. This is seen as the first step towards producing a new national network aimed at a broad audience and offering a general programme of films, sport and news.

Videomusic was one of three small television groups that last December won a constitutional court case challenging the 1990 law awarding the dominant commercial position to Mr Berlusconi's Fininvest three channels. The decision, to be implemented by mid-1996, is likely to lead to the loss of at least one Fininvest channel and will help Videomusic cover the country.

The weekend deal has also led to talk of Mr Cecchi Gori being a potential purchaser of one of the three Fininvest channels - given the constitutional court ruling that forces divestiture and an impending referendum that could have the same effect. But Fininvest denies any such plans, indicating it is working on the planned stock market flotation of its television interests.

The 49-year-old Mr Cecchi Gori, owner of Fiorentina football club and a senator for the Popular party (PPI) formed from the former Christian Democrats, will have to clear the deal with the media watchdog commission. This may require delicate negotiations since the Videomusic licence was granted on the basis of a specialist channel.

However, the purchase would make little economic sense unless Mr Cecchi Gori was able to use his huge and valuable archive of film rights, Italy's biggest. Since selling out last year his minority stake in Telepiù, the cable TV channel, he has no direct outlet for his films.

Videomusic, founded in 1984, has built up a solid audience among the young, reaching as many as 5m people. But the youth audience has provided a weak advertising base and annual turnover has been about 1,250m. Lately Videomusic developed its own limited news programming. But it covers only 65 per cent of the country because of inadequate access to frequencies.

Treaty sends Turkey westwards

EU customs union may bring stability but risks boosting unrest, reports John Barham

The customs union treaty between Turkey and the European Union is much more than a trade agreement. Turkish and EU negotiators hope it will not only stimulate commerce and investment but will reinforce Turkish stability by fostering economic reform and democracy.

However, there are risks. The Islamic Refah party, which may gain additional support if painful economic restructuring leads to further unemployment, sees customs union as an attempt by Turkey's westernised elite to strengthen the increasingly insecure secularist state. Yesterday Mr Oğuzhan Asiltürk, Refah's deputy chairman, said: "We will abolish the customs union agreement when we take power. The real reason [for customs union] is to stop the development of Islam in Turkey."

For most Turks, however, the union symbolises the west's acceptance of Turkey as a European nation. Yesterday's newspapers carried headlines such as "Our new life begins today".

Turkey regarded as bitter blows Europe's repeated delays in fulfilling earlier pledges for a customs union, as well as the rejection of Turkey's 1987 application for full EU membership. Agreement will help restore the fortunes of Prime Minister Tansu Ciller's weak

and divided government. General elections are due by November 1996, but Mrs Ciller's government may not survive beyond this autumn. The Islamic Refah party is generally thought likely to win any early election.

Mrs Ciller said yesterday the customs union was "one of the most important parts of my political mission". She said it represented one leg of a policy tripod, the other two being democratisation and economic reform, areas in which European negotiators are insisting on progress.

Mrs Ciller is in charge at a time of Turkey's deepest economic crisis since the foundation of the republic in 1923. Inflation last year hit a record 150 per cent. Unemployment has increased by a third since last year, affecting over one in five workers. The economy is stagnating after shrinking by between 4 and 8 per cent last year.

The government is reduced to paying real interest rates of 30 per cent a year on its short-term domestic debt of more than \$12.5bn (£7.5bn).

Mrs Ciller's reform policies may now gain a tailwind from the treaty's requirement that Turkey accept EU rules on state aid, competition and trade. By helping to revive business confidence, the treaty

may give impetus to the stalled privatisation programme. Additionally, the EU should release soft loans and grants that have hitherto been blocked by Greece.

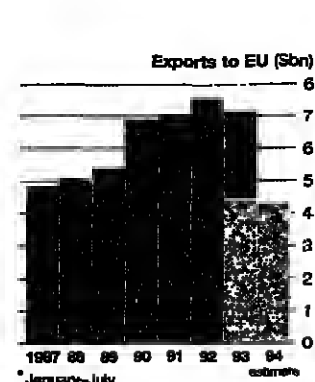
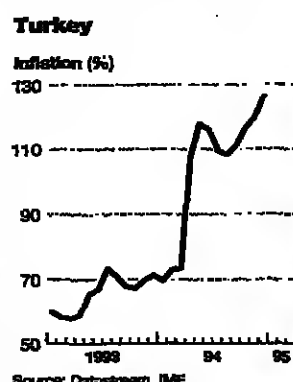
European exporters may benefit more from customs union than their Turkish competitors, since Brussels long ago eliminated most trade barriers on Turkish goods. Turkey has maintained high tariffs and other levies, representing up to 85 per cent of the value of imports. Under the terms of the treaty tariffs are to be eliminated progressively by the end of this year.

Inevitably, there will be winners and losers in industry. Mr Bülent Eczacıbaşı, vice-chairman of the Eczacıbaşı pharmaceutical group and a prominent business leader, said: "A number of industries will get into difficulties. Competition will increase, that is the whole point. But on the whole it will be beneficial for industry."

Sectors likely to suffer are those protected by high import barriers, which depend on government subsidies, or those which operate in markets vulnerable to competition from larger and more sophisticated European companies.

The car industry, protected by levies amounting to 40 per cent of the value of imports, is widely expected to be a significant loser.

Customs union should stimu-



late inward investment, reversing Turkey's low capital spending rates. EU companies already provide about two-thirds of Turkey's foreign investment of \$1bn a year.

As a consequence of the treaty, Brussels is demanding that Turkey enforce the numerous international human rights treaties it has signed but habitually ignores. Mrs Ciller has promised to amend the 1982 constitution, written by the country's then military rulers, and modify its draconian security laws. Most EU countries also want Turkey to seek a political solution to end the 11-year war against Kurdish separatists.

However, Mrs Ciller, who last year ordered an escalation of the army's offensive against the Kurdistan Workers party (PKK), has warned that the fight against terrorism will take priority over political

reform. Another possible drawback will come if the government fails to win backing for its promise to support an EU plan to reunite Cyprus. Turkey invaded Cyprus in 1974 after a Greek-supported coup in the island.

It has agreed to put pressure on the Turkish Cypriots into accepting reunification with the Greek majority prior to entry into the EU. Greece agreed to lift its veto on customs union only when Brussels agreed a date for starting talks on EU membership for Cyprus.

If the customs union proceeds as the EU and the Turkish government hope, Europe will have made an important contribution to stability and growth in Turkey, reinforcing its vulnerable southern flank. If the gamble goes wrong, however, Europe may soon be dragged into Turkey's deepening economic and political crisis.

Russian crime wave 'threatens state'

Yeltsin has called for the battle against it to be a priority. Chrystia Freeland reports

Russia's Security Council, the secretive inner circle of the Russian government, warned at an emergency meeting yesterday that organised crime in Russia was becoming so serious that it posed a threat to state security.

Russia's President Boris Yeltsin instructed the Security Council to make the battle against organised crime the priority of the entire government, his spokesman said. According to the president's press office, Mr Yeltsin warned his power ministers that organised crime "discredits state authority and threatens state security in Russia. The situation is particularly worrisome in Moscow."

The meeting of the Security Council, whose power was enhanced by the Chechen war, suggested the headline faction within the Kremlin intends to turn last week's murder of a Russian television star to its own advantage.

This tendency has provoked fears among Russian liberals that the gangland-style murder last week of Mr Vladimir Lis-tyev, one of Russia's most

'We could increase the security forces fivefold, yet this would be unlikely to change the situation'

liberal commentators, is, paradoxically, playing into the hands of hardline proponents of a more authoritarian regime.

As a black banner headline in *Isvestia*, Russia's most widely read daily, sensationally put it: "We Have Reason to Fear the Emergence of a Police State". Although that doom-day scenario did not emerge

from yesterday's meeting, hardliners used the mass public outrage provoked by Mr Lis-tyev's murder to settle scores with two rival political groups within the Russian state.

The most significant blow was dealt to the Moscow city government and its self-styled "premier", Mr Yuri Luzhkov, a man accustomed to acting with absolute authority within the boundaries of Russia's capital city. Federal authorities yesterday formally sacked the Moscow city prosecutor and the municipal chief of police, despite Mr Luzhkov's public defence of the two men over the weekend.

Sources at city hall said that Mr Luzhkov, who enjoys strong public support in Moscow, threatened to resign in protest, a move which would amount to an open declaration of war on the national government. Hardliners also mounted a more subtle, but possibly more dangerous, attack on the Ministry of Finance and the

Central Bank. At the meeting of the Security Council, these two institutions, which have been leading the effort to impose fiscal and

'Any country which has undergone a transition such as ours, has also had this wave of banditism'

monetary discipline on the Russian economy, were held responsible for the government's failure to subdue organised crime, because of their unwillingness to release money to the security forces from the treasury's depleted coffers. The criticism of the finance ministry and the central bank suggests that, when Premier Victor Chernomyrdin's cabinet

is mounting an all-out effort to bring down inflation and stabilise the economy this year, it faces a powerful challenge from the hardline lobby in the Kremlin.

In contrast to Security Council's insistence that more money and energy must be devoted to the security forces as they struggle against organised crime, Mr Chernomyrdin said last week the criminalisation of Russian society was an unfortunate but inevitable side effect of the country's radical economic transition. "It is not just a question of the security forces," Mr Chernomyrdin said of the recent outburst of criminal activity in Russia. "We could increase their size fivefold and still, that would be unlikely to change the situation. This is not a phenomenon exclusive to Russia," he added. "Any country which has undergone an economic transition of the kind we are now experiencing has also had this sort of banditism."

EUROPEAN NEWS DIGEST

Bonn parties in funding talks

The three parties in Germany's coalition government will today meet to decide on budgetary measures to replace the *Kohlepreissenkung*, the DM7bn (€3bn) subsidy to the coal industry ruled illegal last year. The meeting is likely to be tense. The Free Democratic party, the junior partner in Chancellor Helmut Kohl's government, is using the issue to make a stand against coalition partners and has threatened to leave the coalition if the government decides on new taxes as a way of raising the extra funds.

Meanwhile, the two sides in Germany's engineering dispute last night continued to search for a compromise which would stop the first industry strike since 1984 from escalating. They emerged from an afternoon session of talks - the first time in four weeks that they had met formally - refusing to say whether progress had been made.

Unless a solution can be found by tomorrow, the employers have said they may go ahead with lock-outs, stepping up pressure on IG Metall, the 3.1m strong engineering union, which would have to pay their locked-out members strike money. *Michael Lindemann, Bonn*

Estonian ruling party defeated

Estonia's Coalition party emerged as the victor of weekend elections which brought humiliating defeat for the ruling Fatherland party which barely attracted the 5 per cent of votes needed to stay in parliament. Mr Tilt Vahi, the Coalition party leader, is expected to become prime minister after his party gained nearly 33 per cent of the votes and 41 seats in the 101-member parliament. He promised that "right-wing [economic] policies" would continue under his leadership.

He is expected to try to form a new pro-market coalition government with the Reform party headed by Mr Siim Kallas, the central bank governor whose policies of linking the Estonian kroon to the D-Mark have underpinned the strong performance of the economy since Estonia left the Soviet Union in 1991. The Reform party won 19 seats with 16.3 per cent support. The Coalition party won by promising to ease the economic pain for Estonians left out of the revival. Polls showed wide support among elderly and rural voters who also favoured another potential coalition partner, the left-leaning Centre party which gained 14 seats. Among the seven parties in parliament will be the Russian-speaking "Our Home is Estonia" party with seven seats. *Matthew Kaminski, Tallinn*

EU lines up Croatia deal

The European Union last night agreed a mandate to negotiate a new partnership and co-operation agreement with the former Yugoslav republic of Croatia, but stopped short of starting talks because of the Zagreb government's order to withdraw UN peacekeeping forces by the end of the month. Mr Douglas Hurd, UK foreign secretary, hinted, however, that there was room for a deal with President Franjo Tudjman of Croatia on adapting the "form", or role of the UN peacekeepers, though he refused to offer details. In January President Tudjman ordered the 12,000 UN peacekeeping force to begin withdrawal by the end of its mandate on March 31.

Separately, the EU cleared the way for talks on an association accord with Slovenia after Italy lifted its veto. The pact had been held up by a row over former Italian property in Istria. *Lionel Barber, Brussels and Reuters*

Steelmakers warned on aid

Europe's steelmakers will have to sort out their own problems next time they get into financial difficulties, warned Mr Karel Van Miert, European competition commissioner, in London yesterday. The partial failure last year of the European Commission's effort to restructure the industry meant an important opportunity had been missed, he told the FT World Steel Industry conference, organised in association with CRU International, the metals consultancy. "The current upturn in the market will not provide a long-term solution and leaving the restructuring process unfinished will almost certainly mean that we will be faced with the same problems of overcapacity again in a few years' time."

Last year, in response to the restructuring plan, steelmakers came up with planned cuts of only 16m tonnes in hot-rolled capacity, short of the minimum 19m needed to trigger assistance from the Commission. The measures were partly withdrawn in November. *Andrew Baxter, London*

NEWS: WORLD TRADE

Ministers hope to sign pact in April, says Hurd

Chechnya crisis delays EU-Russia trade pact

By Caroline Southey in Brussels

EU foreign ministers yesterday agreed to withhold trade preferences for Russia until there was evidence that Moscow was making progress in resolving the crisis in Chechnya.

In a delicate balancing act between EU member states nervous of alienating Russia and others frustrated at human rights abuses in Chechnya, the ministers delayed ratifying an interim trade pact which would have come into immediate effect.

But Mr Douglas Hurd, the UK foreign minister, stressed the decision was not a sanction. "It is simply a postponement," he said, adding that ministers hoped to sign the pact at the next council meeting in April. Mr Alain Juppé, the French foreign minister, added: "We do not want to isolate Russia."

The council meeting discus-

sion had been on a "knife-edge", an official said. "Germany is fearful of doing anything that could drive Russia away. But others such as Denmark and the Netherlands want to hold up the trade pact to send a strong message to Moscow."

Agreement on the interim trade pact hinges partly on a visit to Moscow on Thursday by the "troika" of foreign ministers, representing the German, French and Spanish presidencies of the EU. The ministers, led by Mr Juppé, were due to sign the agreement this week with Mr Boris Yeltsin, the Russian president.

Mr Yeltsin will be told that the EU is seeking progress in three areas: access for humanitarian aid to refugees from the war; continued co-operation with the Organisation for Security and Co-operation in Europe; and progress towards political dialogue with Chechen leaders.

The troika will report back to an informal meeting in Carcassonne, southern France on March 16 when foreign ministers will be reviewing the broader strategic aspects of EU/Russia relations.

The interim accord is part of wider partnership and co-operating agreement still being negotiated between the EU and Russia. The trade preferences would have given a much-needed boost to Russian exports to the EU.

Mr Hurd, who met Mr Juppé before the council meeting, said Mr Victor Chernomyrdin, the Russian prime minister, had given assurances during his visit to London last week that Russia was committed to press freedom, market reforms and a free election timetable.

In a further step towards consolidating the EU's relations with Russia's neighbours, the council signed a partnership and co-operation accord with Belarus.

Car parts groups argue their case

By David Buchanan in Paris

Europe's drive to narrow its widening trade deficit with Japan in car parts yesterday moved into higher gear with the start of a two-day Paris conference bringing together 11 car manufacturers from Japan and 80 component makers from Europe.

Mr Martin Bangemann, the European industry commissioner, stressed the mutual interest of both sides in the conference. European component makers wanted to supply more to Japanese manufacturers not only in Europe but worldwide, he said. The EU trade deficit in car parts was more than €500m (€3.5bn) in 1993, with Japanese component makers selling seven times more to Europe than vice versa. Japanese manufacturers said the yen's appreciation had increased their incentive to buy more parts abroad.

Mr Bangemann complained that European parts makers had lost ground to US exports, but disclaimed any intention by Europe to "manage" its

trade with Japan, as the US had sought to do.

"Europe prefers the co-operative approach to doing business with Japan rather than the US style, which aims at extracting discriminatory commitments from Japanese private companies to purchase minimum quantities of US-made auto parts," the commissioner said.

Mr Kazuo Majima, vice minister at the Ministry of International Trade and Industry, declared himself "very happy" with this European approach. But the two sides were clearly unable to agree on the proportion of local parts Japanese carmakers in Europe should use. Toyota and Nissan said yesterday the cars they assembled in Europe had around 80 per cent local content. This was disputed by CLEPA, the European car components trade association, but it refused to make public its own estimate.

Japan says the EU trade deficit in car parts is rising, reflecting the rise in cars assembled in Europe.

Poor 'still face trade hurdles'

Guy de Jonquieres, Business Editor

Despite rapidly increasing inflows of private foreign capital into developing economies, trade remains poorer countries' most reliable source of external income, according to a report by the International Coalition for Development Action.

However, the coalition, which groups third world lobbying organisations from 10 countries, says efforts by developing countries to increase their exports still face many obstacles, which the Uruguay Round world trade deal has failed to remove.

The report says developing countries received foreign direct investment of \$51.5bn in 1992, more than double the annual average in the second half of the 1980s. However, the value of developing countries' exports was still 23 times greater in 1992 at \$1,167bn. Furthermore, developing countries had to provide many incentives to attract foreign direct investment, such as spending on infrastructure and tax exemptions. These sharply reduced the value of their economic gains from capital inflows.

The report says developing countries' terms of trade, which have been negative since 1985, worsened in 1992-93, as the prices of many of their exports fell faster than those of imports.

Despite liberalisation agreed in the Uruguay Round, tariffs on exports of interest to developing countries remained higher than the world average.

An *alternative report on trade, International Coalition for Development Action, 115 Rue de la Loi, 1040 Brussels. Tel: (322) 230 0430.*

WORLD TRADE NEWS DIGEST

Brussels launches environment plan

The European Commission plans to make the EU's tourism industry pay closer attention to the environment. Speaking at the International Tourism Fair (ITB) in Berlin, Mr Heinrich von Moltke, the Commission's general director for tourism, said tourist development should occur only if environmentally sustainable. The Commission will introduce environmental criteria for proposed holiday resorts, golf courses, yachting harbours and winter sports facilities. There are also plans for an emblem to be awarded to facilities judged not to be damaging the environment. When this will be introduced, however, is not yet clear. *Frederick Stademann, Berlin*

German farm transport pledge

The German livestock industry will limit transport times for slaughter-bound animals to eight hours, the German Farmers' Federation (DBV) said yesterday. Germany is the first country to limit transport times since a row over shipments of live cattle sparked noisy demonstrations in Britain, Belgium and Holland, pitching angry animal rights protesters against police at ports and airports.

German industry representatives told Mr Jochen Borchert, the agriculture minister, that they supported his proposal for limits and planned to start voluntary restraints by the end of this month. *Reuters, Bonn*

Samsung in white goods bid

Samsung, the South Korean manufacturing and trading group, is negotiating to buy Foron, the east German white goods company, from London-based East German Investment Trust. Formerly a state-owned company, Foron is noted for innovative product design, particularly a range of award-winning environmentally friendly refrigerators. Last year Foron had a turnover of DM143m (€97.2m). *Frederick Stademann, Berlin*

Citic settles with creditor

China International Trust and Investment Corporation, Citic's biggest state-controlled conglomerate, yesterday settled its copper trading losses with Credit Lyonnais Rouse, part of the French bank. CLIR is believed to be Citic's biggest creditor with \$7m owed from Citic's total losses of \$40m from trading on the London Metal Exchange. *Kenneth Cooding*

■ Ireland is inviting bids for the supply of a GSM mobile telephone system, a second mobile system to compete with the state run Eircom service. Motorola in consortium with Sigma and Unisource has announced its intention to bid. AT&T's Irish subsidiary Cellular Telephones is also expected to join the race. Total cost of the bid is expected to be around 120m (€128m). *John Murray Brown, Dublin*

■ Hyundai Motors, South Korea's largest carmaker, will build a \$30m car assembly plant in Pakistan in a joint venture with the Saigol group. *John Burton, Seoul*

US fears Ruggiero may be 'protectionist'

By Nancy Dunne in Washington

The Clinton administration opposes the candidacy of Mr Renato Ruggiero, the European Union's choice to head the new World Trade Organisation, because he seemed "more protectionist than we would like" when he came to Washington seeking support last November, a senior US official said yesterday.

Mr W. Bowman Cutler, deputy chief of the National Economic Council in the White House, said in a telephone interview that the US had been a firm backer of Mr Carlos Salinas, the former Mexican president, until his withdrawal

from the race last week. The administration had been "essentially neutral" on Mr Ruggiero, a former Italian trade minister, and Mr Kim Chul-su of South Korea. However, they became unenthusiastic about Mr Ruggiero's candidacy after they had met him.

"My strong personal predilection is for someone from the emerging markets," Mr Cutler said. "I think it would be good for the country to have a Latin American or an Asian."

Mr Cutler said the system of advancing liberalised trade through negotia-

ting "rounds" was now "probably played out." The new WTO head would need the vision to address another set of questions, including the impact of regional trade agreements and regulatory regimes. "There is a task of institutional development," he said.

The US had been determined to support Mr Salinas until he withdrew because "it would have been ungraceful of us to pull out." He was hoping Mr Salinas, said the new WTO chief, could be convinced to stay on past March 15 until a new candidate was agreed.

Mr Greg Mastel of the Economic Strategy Institute said he had heard a number of administration officials raising concerns about Mr Ruggiero's views on liberalisation of services, investment

rules, and intellectual property rights. "The WTO can't have a glorified bureaucracy," Mr Mastel said. "We want the WTO to be a strong organisation. We want a strong, effective leader, who gets his phone calls returned."

Mr Harry Freeman, a Washington lobbyist and one of the earliest backers of Mr Salinas, said the new WTO chief should have support in Congress. "If the EU tries to cram someone down our throats, it will be the best way to lobby for the Dole bill."

Mr Robert Dole, the Senate majority leader, has introduced legislation to establish a panel of judges to review the decisions of the WTO.

JP 11/01/95

NEWS: INTERNATIONAL

DIY banking thrives in chaotic Zaire

Anyone who wants to stay in business has to wheel and deal, writes Michela Wrong

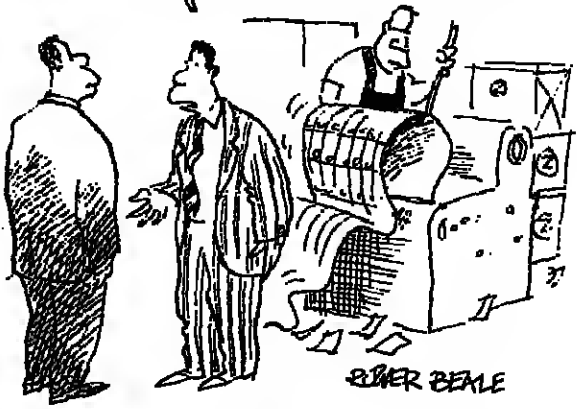
At the end of a hard day, the head of a Kinshasa business, has made a pile of zaires. Knowing that the Zairian currency risks depreciating with every passing hour, he is anxious to swap them for dollars.

The last place he turns is the bank. Starved of liquidity since the progressive worsening of Zaire's economic crisis, commercial banks have trouble stumping up the most paltry sums of cash.

So he rings a diamond dealer, who agrees to sell him dollars earned trading gems in Antwerp. The zaires will be flown to the Kasai region in the east of the country where the diamond dealer will use them to buy new stock. No papers are signed, sales of notes will change hands on the basis of a verbal agreement alone. And although taking place in a country which has become a byword for corruption and dishonesty, the deal will hold.

In the Alice-in-Wonderland financial world that is Zaire, such transactions have become the norm. The collapse of the formal banking sector three years ago has forced multinational manufacturers, exporters, farmers and even aid organisations and religious missions to turn to foreign exchange wheeling and dealing to lay their hands on the cash

ITS NO GOOD - WE CAN'T PRINT MONEY FAST ENOUGH TO PAY THE COST OF PRINTING IT



needed to stay in business.

"Companies have become their own banks. Everyone has become a bank for someone else - it's a mutual aid situation, the only way to survive," says a western businessman. Bewildered by the lack of set rules when he first came to work in Zaire, he now revels in the freedom. Complicated transfers that could take weeks in Europe happen in seconds. There are no annoying bank charges to be paid and since both parties benefit from the deal, commissions are kept to a minimum. The only quibbling

is over the day's exchange rate.

"The absence of the banking system is far more of an opportunity than a hindrance," says the businessman. "You set up your own network and make your own rules. No one's ever wobbled on a deal, because if they did the whole system would collapse and everyone would lose out. I find it quite inspirational."

However exciting, the reality of operating in Zaire must often be glossed over in reports sent back to western headquarters where the discovery that their companies are striking

agreements with diamond smugglers, arms traders and other shady enterprises might raise a few eyebrows. This is especially so, diplomats say, since an increasingly large proportion of the dollars changing hands is drugs money sent to Zaire for laundering.

The marginalisation of the commercial banks started in the early 1990s, when President Mobutu Sese Seko announced the end of multi-party rule and Zaire entered a "transition period" of what turned out to be chronic economic, social and political instability. As the state copper mining company Gécamines teetered on the verge of bankruptcy, the short-lived governments that followed spent, economists estimate, four times their shrinking revenues.

To cover the gap, the Bank of Zaire printing presses went into overdrive. When that was not enough, government officials would dump notes on the black market, buy dollars and use them to order print runs abroad. With each dumping, the value of the zaire plummeted, making ever higher denominations necessary.

Inflation, running at between 50 and 100 per cent a year before the "transition period", soared to 3,000 per cent in 1992, 8,300 per cent in 1993 and 6,000 per cent in 1994. With the zaire now worth 1/22nd of its 1975

value, the population took refuge in hard currency - about 80 per cent of significant transactions are done in dollars - or resorted to barter.

The total money supply in local currency is now worth about \$100m, nearly a quarter of the level four years ago, a tiny sum for a country with a population of 42m.

When new notes were issued, few were funnelled in the direction of the 13 commercial banks, going instead to politicians and generals. The banks were left with stocks of increasingly worthless zaires. Given that the highest denomination available is worth just 13 US cents, there are, in any case, physical limits on how much local currency an institution is able to store.

Although the government of Mr Kengo Wa Dondo, the prime minister, claims it is determined to bring the banks back into operation, they are still desperately short of cash. Last year the banks received two small deliveries from the central bank, which went to pay staff wages. There have been no deliveries this year.

"We don't make loans because there's no money to lend. We have 20 per cent of the accounts we had before the transition and as each month goes by we close more down," says an official at one bank. One of the few remaining

functions the banks fulfil is to act as import-export intermediaries. "When our foreign partners come to visit they can't believe we survive off the tiny amount of business we do. We're just ticking over, trying to survive until the economy recovers."

A side effect of the liquidity crisis has been the birth of a lucrative and speculative market in cheques. Businesses need cheques to pay their taxes or duty on imports. But because none of the commercial banks can cash those cheques, they trade at a discount.

A company owing the tax authorities in zaires will buy a cheque, often issued by highly placed individuals at the Bank of Zaire, for, say, a tenth of its nominal value. Then he pays the tax inspectors for a fraction of the actual cost, persuading them to accept the dubious credit by offering a sweetener they will use to pay their own wages and running costs. After changing hands eight or nine times, the largely fictional credit ends up at the Bank of Zaire, swelling largely fictional accounts.

While businessmen may revel in the opportunities offered by this surreal state of affairs, bankers point out that long-term investment and growth are impossible.

INTERNATIONAL NEWS DIGEST

UN conference told to be patient



Most of the armed conflicts which the United Nations has to deal with were being waged within nations and most had "obvious economic and social causes," Mr Boutros Boutros Ghali, UN Secretary-General (pictured left), said yesterday. Opening the UN's World Summit for Social Development in Copenhagen, he said: "We are trying to mobilise international public opinion on the social development issues." But he played down prospect of any rapid progress in achieving the three main objectives of the summit - the abolition of absolute poverty, the creation of full productive employment and the end of social exclusion. "It will take many decades of hard work," said the secretary general. "This conference must be seen as part of a process. We need to be patient." Robert Taylor, Employment Editor, Copenhagen

Israel to press Syria for peace

Israel put Syria on notice yesterday it regards this coming summer as a deadline for achieving peace as the Israeli and US administrations head into an election year in 1996. Mr Yossi Beilin, Israel's deputy foreign minister, called in US media correspondents to spell out a now-or-never warning ahead of a Middle East peace mission this week by Mr Warren Christopher, US secretary of state.

"This is supposed to be a different visit. As Yossi Beilin has just mentioned behind closed doors, the summer of '95 is something of a deadline in the negotiations with Syria," an Israeli official told other foreign reporters. "So if nothing is achieved by then, probably nothing will be achieved in the next few years. It is a very important visit simply because there is no more time." Reuter, Jerusalem

Peres to discuss repatriations

Mr Shimon Peres, the Israeli foreign minister, is going to Amman today for long-delayed talks with his Jordanian, Egyptian and Palestinian opposite numbers on the possible repatriation of hundreds of thousands of Palestinians who fled the West Bank and Gaza Strip during the 1967 Six-Day War. Israel committed itself to explore this question as long ago as the 1978 Camp David agreement with Egypt and reaffirmed its willingness to do so in the 1993 Oslo accord with the Palestinians. A senior Jordanian official said the Arab side saw the talks as "a serious test of Israeli intentions." For the Palestinians, it would establish a precedent for at least a limited "right of return", though even left-wing Israelis are opposed to opening the border to the much larger number who fled in 1948.

An Israeli Foreign Ministry spokesman suggested that the ministers' first task would be to hammer out definitions of who is a refugee and to estimate numbers. The Israelis put the total of 1967 refugees at 200,000 to 400,000, but the Palestinians claim 800,000 are involved. They include civilians who ran away on their own initiative, some who were ferried out by Israel after the ceasefire, and others who happened to be abroad at the beginning of hostilities, as well as their offspring. No one knows how many of these refugees would want to come back. Eric Sinker, Jerusalem

US oil group to develop Iranian offshore field

By Richard Waters
in New York and
Robert Corzine in London

Conoco, the oil and gas subsidiary of Du Pont, is to develop two offshore Iranian oil fields, marking what is thought to be the first US investment in the country's energy sector since the Iranian revolution of 1979.

The deal looks certain to spark political opposition in both countries, which have had no formal diplomatic relations since the hostage crisis which followed the revolution. However, the US has no trade embargo with Iran, and US oil companies are among the big-

gest purchasers of Iranian crude oil.

Conoco, which signed an agreement for the development with the National Iranian Oil Company (NIOC) at the weekend, said it could see no reason why the deal should draw flak in the US.

"We have the greatest confidence that everything we are doing is appropriate and ethical," the company said. "Everything we have done is within applicable US laws and trade regulations."

Congressional attitudes toward Iran appear to be hardening, however. In January Senator Alfonse D'Amato, a New York Republican, tabled a

bill which would bar trade with Iran.

The Clinton administration has recently opposed the planned sale of a Russian nuclear reactor to Iran. It is also against the participation of Iran's national oil company in a mainly western consortium formed to develop three giant offshore fields in the Azeri sector of the Caspian Sea.

Conoco said it would develop the Serri A and E oil and gas fields, which are located some 80 miles from the Iranian shore in the southern Gulf. They were discovered in 1972 and 1976, and industry observers have estimated the cost of

development at about \$500m (£308m).

A number of western companies are keen to participate in Iran's oil sector. Most proposals focus on offshore areas, which are thought to be more politically acceptable than onshore projects. Iran is in the middle of a large-scale expansion of its oil capacity, but there have been persistent reports of technical problems at many of the fields.

Under the deal, which has been signed with a non-US subsidiary of Conoco, the two Serri fields will be operated by the Iranians. Conoco is expected to be repaid through a buy-

back agreement under which it will have the right to buy oil from the fields for a prescribed period, though the US company refused to confirm details of the contract.

Conoco will also build a pipeline to carry natural gas from two other Serri fields to a new facility it plans to build in Dubai in the United Arab Emirates. The Serri A and E fields combined are expected to produce 120,000 barrels of oil a day. Serri E has reserves estimated at about 435m barrels, while Serri A has about 50m barrels.

Conoco has been in negotiations with the Iranians for two years. Total, the French oil

company, was also competing for the offshore development contract.

An Iranian statement issued yesterday said the Tehran government expects the project to generate some \$12.5bn in oil revenues and about \$750m in gas sales over the agreement's lifetime. It added that at least 30 per cent of the work will be sub-contracted to Iranian companies, and that Iran would benefit from technology transfer.

The US government, however, has made it clear that it does not want to see Iran given access to advanced oil production technology.



OUR FINANCIAL SKILLS HELPED ONE GOLD MINING COMPANY FIND

THE LIGHT AT THE END OF THE TUNNEL. The AIG Companies serve one of the world's most successful gold mining companies with excess casualty and directors and officers insurance. But when management saw they needed protection against falling gold prices and rising diesel fuel costs, we had a chance to show a different mettle. With a

one-million-ounce gold hedging facility. And a series of fixed-for-floating-rate fuel transactions known as financially settled swaps.

Both arranged by our AIG Trading Group Inc. So the company was able to lock in reasonable costs and healthy profits for a good long

time. By consistently providing the definitive response to risks like these, we light the way for one customer after another.

WORLD LEADERS IN INSURANCE AND FINANCIAL SERVICES.

American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270.

For further information, please call Richard Harris in London at (071) 280-8943 or Patrick Choffel in Paris at (01) 49 02 41 44.



NEWS: THE AMERICAS

Policy package prompted by investors' concern about current account deficit

Brazil allows Real to fall

By Angus Foster in São Paulo

Brazil's currency fell more than 2 per cent against the dollar yesterday after the central bank announced a new exchange rate policy and a two-step devaluation. Although the announcement was welcomed by exporters, it raised fears that imported inflation could add to mounting cost pressures and undermine the Real.

The government also announced a package of other measures, including a study on the possible privatisation of Companhia Vale do Rio Doce (CVRD), the world's largest iron ore exporter. The proposals were designed to reassure investors that Brazil's current account deficit will not be allowed to reach Mexican proportions.

The bank said it is introducing a system of "floating

bands" against the US dollar which will be defended by intervention. From yesterday until May 1, the Real will fluctuate between 86 and 90 centavos to the dollar. On May 2, the band will be widened to between 86 and 98 centavos, implying a maximum possible devaluation of more than 15 per cent.

The Real has appreciated about that much in nominal terms against the dollar since its launch last July. The bank has operated an unofficial band between 83 and 86 centavos and the Real was trading last week at 84 centavos to the dollar. By yesterday lunchtime it had fallen on the parallel market to 86 centavos.

The government's decision to let the currency fall followed mounting criticism from exporters and worries about the current account deficit. Brazil's trade balance has been

in deficit since November, the first monthly deficit in nearly eight years, mainly because moves to open the economy led to a sharp rise in imports.

Although the government was expected to relax the exchange rate policy, yesterday's effective devaluation came earlier than predicted. Many analysts thought Brazil would wait until after Argentina's elections in May to avoid adding to President Carlos Menem's economic problems. Argentina's exports to Brazil, which have grown rapidly in the last year, are likely to be affected by the devaluation.

The new government of president Fernando Henrique Cardoso has also not yet approved fiscal and other reforms which most analysts say are needed to underpin the Real by preventing mounting government budget deficits. Some of these reforms will be presented to

Congress in coming weeks, but approving them will take months.

Without these reforms in place, and with growing signs of overheating in some sectors of the economy, some economists said inflation could accelerate quickly from its February level of 0.99 per cent.

Mr. Pedro Malan, finance minister, said the change in the exchange rate policy was "not a devaluation in the conventional sense of the word." The Real's earlier appreciation against the dollar was unplanned and was mainly due to Brazil's high real interest rates. Mr. Malan was speaking at a joint press conference with Mr. José Serra, the planning minister, perhaps to stress government unity on the changes. Mr. Serra has been pushing for a devaluation.

CVRD sale study, International Company News



Cardoso: still not approved a package of fiscal reforms

Mexican peso tumbles on policy delay

By Leslie Crawford in Mexico City

The Mexican peso slumped to a record low against the dollar yesterday as financial markets reacted nervously to the government's delay in announcing new policies to deal with the rapid deterioration of the economy.

The peso plunged to 6.875 against the dollar in early morning trading, against 6.825 at Friday's close, bringing the depreciation of the Mexican currency since its flotation in December close to 50 per cent.

The continued slide raised questions about whether further finance would be made available to Mexico from the International Monetary Fund and the US government.

Traders said the peso was being punished for the government's perceived lack of direction in economic policy. They believe President Ernesto Zedillo has not unveiled a new economic programme because he has so far been unable to obtain the consent of labour unions and business leaders for additional unpopular measures required to contain inflation and stabilise the currency.

These measures are thought to include tax increases and higher public tariffs for petrol and electricity, as well as further cuts in government spending and more pressure on real wages. For the past seven years, Mexican governments have designed economic policy in consultation with labour and business representatives

in an annual agreement known as the Pacto. But the current economic crisis, and Mexico's commitments to the IMF, places restraints on Mr. Zedillo's ability to accommodate the demands of labour and business leaders.

Mr. Zedillo said at the weekend that a new economic programme would only be announced when parliament had approved loan agreements signed with the IMF and US government to allow Mexico to meet its short-term foreign debt obligations. The announcement was widely interpreted as a delaying tactic and added to yesterday's heavy demand for dollars.

Business leaders are urging the government to set realistic targets for inflation and economic growth this year, and to define a new exchange rate policy to stabilise the peso. They also want the central bank to ease monetary policy, as the trebling of interest rates since December is accelerating the risk of bankruptcies.

Unions are demanding a further increase in the minimum wage to take into account a higher-than-forecast inflation for 1995. The government and unions agreed to a 7 per cent increase in wages in January based on an inflation estimate of 19 per cent, now regarded as unrealistic.

The collapse of Banpais, Mexico's eighth-largest bank, has renewed concern for the health of the country's banking system, widely seen as the weakest link in the economy.

Argentina aims to cut risk of company defaults

By David Pilling in Buenos Aires

Argentina plans to use \$500m (\$214.4m) of World Bank cash to lessen the risk of further defaults by private companies, after last week's announcement by pulp mill Alto Paraíso that it could not meet payments on \$80m worth of maturing loans.

The move, part of a package intended to inject confidence into the financial system announced on Sunday night, aims to relieve some investors' fears that Argentina's credit crunch could force further companies into default.

Other measures include an insurance scheme for bank deposits to

lessen the likelihood of a run on the banks, and use of up to \$1.5bn in multilateral agency funds to buy up non-performing portfolios of state-owned provincial banks. These would then be privatised.

Argentina is believed to have asked several international banks for bridging loans against part of this \$1.5bn - due later this year from the World Bank, the Inter-American Development Bank and Japan's Eximbank. Mr. Roque Fernández, the central bank president currently on a tour of US and European banks, may also be seeking bridging loans against expected cash receipts from privatisations, totalling \$2.4bn.

The credit crunch, which saw inter-bank interest rates rise to 90 per cent at one point last week, has forced Argentina to abandon its planned \$2bn worth of Treasury bill auctions. Cash to help pay \$5.3bn worth of maturing debt in 1995 will instead come from privatisations, according to Mr. Domingo Cavallo, economy minister.

Most sell-offs, including those of hydroelectric and nuclear plants, were originally to have been conducted largely through debt-for-equity swaps.

The new measures, which follow last week's announcement of a \$3.3bn austerity package, came as Brazil

announced it would begin the steady devaluation of its currency. This has raised fears that Argentina, which must this year begin to close its trade deficit as external financing dries up, could lose an important competitive advantage in one of its most crucial markets.

However, the modest and gradual nature of the devaluation, coupled with expectations of erosion through rising Brazilian prices, may mitigate the negative impact.

Mr. Cavallo told financial daily El Cronista at the weekend: "A devaluation in Brazil is logical... I recognise that, at some point, they will have to devalue to reach

parity with the dollar." On private companies' liquidity problems, Mr. Cavallo said the World Bank had already granted \$500m in "back-stop facilities" for the extension of maturities on new debt placements. Argentina would seek World Bank permission to use these funds to lengthen maturities on existing private sector debts, he said.

"It is interesting that international traders no longer fear a devaluation... But what has been reawakened is the fear of default by the public or private sector." There must be no doubts about the ability of Argentina to pay its debts, he said.

Critics of Mexico bail-out complain of 'lack of candour'

Summers in firing line over rescue

By George Graham in Washington

US congressional critics of Washington's plan to rescue Mexico from its financial crisis, eager for someone to blame for the debacle, appear to be zeroing in on Mr. Lawrence Summers, Treasury under-secretary for international affairs.

Senator Alfonse D'Amato, chairman of the Senate banking committee, plans to hold hearings on the Mexican bailout this month, and has already begun to complain about the "lack of candour" from the administration over the issue.

"I know darn well that the administration received information that there were problems with the Mexican economy and then ignored it and withheld it from

the Congress," Mr. D'Amato said last week.

Other congressional aides, however, said the inquiries appeared aimed at satisfying a political need to show someone's head had rolled as a consequence of the Mexican crisis, which has forced the US to put up \$20bn (£12.5bn) from its Exchange Stabilisation Fund to help avert the threat of a default.

Mr. Robert Rubin only took over as Treasury secretary in January, after last December's disastrous devaluation of the peso, and his predecessor, Mr. Lloyd Bentsen, has left for Texas. Mr. Frank Newman, the deputy secretary and acting head of the department at the time, is focused on domestic issues. That leaves Mr. Summers holding the bag as Congress's preferred victim.

"There is no question D'Amato wants Summers' blood," said one congressional staffer, adding that the Mexican crisis has damaged Mr. Summers' chances of succeeding Mr. Lewis Preston as president of the World Bank.

Other leading candidates for that post include Mr. James Wolfensohn, a New York investment banker, Mr. Gerald Corrigan, former head of the New York Federal Reserve, and Mr. Bowman Cutler, a top White House economic adviser. Some members of Congress have targeted Mr. Rubin over the Mexican bailout, but Mr. Rubin used to run Goldman Sachs, Wall Street investment bank which could be argued to have benefited from the Mexican rescue. But congressional aides said this line of attack appeared weak.

Mr. Summers last week

defended the administration, and by implication himself, against the charge of being asleep while Mexico's economic difficulties piled up last year, attributing the crisis to Mexico's own "critical errors in macroeconomic policy."

"Despite expressions of concern by American officials and others that Mexican policy was unsustainable, the Mexicans held to the view that the country's loss of reserves did not call for policy adjustments," Mr. Summers said in a discussion of the US rescue plan at the Brookings Institution, a Washington think-tank.

While Mr. Summers and the US Treasury have refused to reveal their advice to the Mexican government, international financial officials say it is unfair to blame the US for Mexico's failure to heed the warning signs.

Clinton to oppose tort law change

By Jurek Martin in Washington

The Clinton administration has decided to back opposition to Republican proposals to reform the country's civil law system which will be debated in the House of Representatives this week.

Ms. Janet Reno, the attorney general, and Mr. Abner Mikva, White House legal counsel, yesterday wrote to Mr. Newt Gingrich, Speaker of the House, charging that the draft legislation would "tilt the legal playing field dramatically to the disadvantage of consumers and middle-class citizens."

In an interview with the New York Times, Mr. Mikva, a former congressman and federal appeals court judge, commented: "When I look at bills like these I can believe that Speaker Gingrich means

what he says when he describes himself as a revolutionary."

The proposals would impose strict limits on the punitive damages in legal cases involving product liability, medical malpractice and personal injury, would require the "loser" in such suits to pay the legal costs of the winner, and would establish federal standards in product liability cases determined by state courts.

In all areas of the law, the proposals would limit the award of punitive damages to \$250,000 (£154,000) or three times the compensatory damages, whichever is greater. Multi-million dollar damage claims are now routinely sought in lawsuits, though by no means always granted in successful litigation.

The purpose of these reforms to the tort laws, according to the Speaker's Contract with America reform programme, is to discourage frivolous suits that block the courts, and to relieve the potential burden on companies and professionals such as doctors who are now obliged to have expensive malpractice insurance.

Threatening a presidential veto, Mr. Mikva said the Republicans were turning their standard anti-government arguments on their head by seeking to impose federal damages standards on the states. The letter to Mr. Gingrich describes this as "a disturbing and unprecedented federal encroachment on 200 years of well established state authority and responsibility."

He also objected to the "loser pays" provision which is standard practice in Britain. This, he argued, "frankly is a total deterrent to small people bringing lawsuits".

Already a national broadcasting campaign against the Republican proposals has been launched.

One recently released radio commercial claims that individual rights under the law are at risk.

Currently, the Republican reforms are scattered through three bills, but this week's plan is for them to be consolidated into one, with a vote scheduled by the end of the week. Mr. Gingrich's success to date in getting items in the Contract passed by the House would suggest another victory ahead, but he has predicted it will not be easy and the outcome in the Senate is far more doubtful.

Marines try a little tenderness

Bernard Gray on a new wave of non-lethal weapons the Pentagon hopes will make peacekeeping less deadly

The hard men of the US marine corps stormed up the beaches of Somalia last week carrying an array of deadly looking weapons.

In fact, they were not deadly at all, which is precisely the point of them.

The foam guns, sticky immobilisers, rubber grenades and wood-chip shotguns are part of a programme to produce non-lethal weapons that can break up opposition to US forces without unnecessary loss of life.

Plans for such weapons got short shrift at first from the Pentagon. But defence scientists who are no longer needed to design equipment ranging from nuclear weapons to phosphorus grenades have worked hard to sell the idea.

Some from the country's most prestigious laboratories, such as the Los Alamos nuclear weapon design centre, have for several years been working on a bizarre range of ways to frustrate opposition to US forces. The Marines who went to help in the UN withdrawal from Somalia were carrying the first fruits of that effort, most of which is aimed at crowd control.

The shoulder-mounted foam gun - connected to a 275 gallon water tank on wheels - fires a wedge of foam 200 feet long and 20 feet wide to act as a barrier in a riot. The foam is thicker than the suds which float on washing up, but not much. Its effectiveness derives from the tear gas laced through it. The irritation the foam causes to eyes and skin will tend to break up a crowd, and is a more discriminating way to target groups than the old method using tear gas cartridges.

For the more violent protester, the Marines also carry a sticky foam "toffee" gun. This



Sticky immobilising in practice: US troops get down to some non-lethal weapons training

uses a high pressure hose to coat an enemy in a goo which makes it hard to move. The Marines call it a "hi-tech lasso" and scraping it off is "a very lengthy process", according to a senior Pentagon official.

There are more immediately painful incentives to do what the nice officer tells you. Rubber grenades - called "sting-ers" - explode like the real thing, but the shock they produce is small pieces of rubber, causing about as much pain as a heavy bee sting. Given that a protester is likely to be hit by a dozen or more fragments, there is enough pain to deter all but the most determined from rioting.

And to break up that really determined crowd, the Marines have a range of wooden, rubber and foam pellets which can be fired from 12-bore shotguns and grenade launchers. The idea is to rattle the pellets off the ground and hit the crowd in the legs, causing bruising and giving plenty of

reason to move elsewhere.

Most of these weapons are for use in peacekeeping operations. There are, however, proposals to use some non-lethal technologies in all-out warfare.

A super-slippery slime is being developed to spray on to roads, making them like ice-rinks and completely impassable to cars. An early version was first tried out in the Vietnam war 20 years ago where it was not very effective, but the technology has been refined since then. The slime is intended to make roads unusable and pen an enemy up as an alternative to the strafing which made the Basra road evacuation a bloodbath during the Gulf war.

Another line of attack is electronic warfare, which interferes with communications and other electrical equipment. Some systems are being tested which would interfere with cars' ignition systems and make them impossible to start.

Whether such systems will catch on in other countries is unclear. With US public opinion highly sensitive to the number of casualties caused in a conflict, the Pentagon has a special incentive to try. The increase in the number of peacekeeping missions also calls for action short of all-out attack.

Yet other countries are less bothered and still believe strongly in the deterrent power of a fully loaded rifle. Indeed, the real application of these ideas may not be on the battlefield. The suggestion to use these weapons in Somalia came from Marine reserves whose full time jobs are as members of the Los Angeles Police Department.

The LAPD-Marines had previously trained with some of the equipment, which they showed to the regular Marine corps officers. The main use of such exotic new weapons could, in fact, turn out to be closer to home.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

UNITED STATES					JAPAN					GERMANY				
Exports	Imports	Trade balance	Current account balance	Effective exchange rate	Exports	Imports	Trade balance	Current account balance	Effective exchange rate	Exports	Imports	Trade balance	Current account balance	Effective exchange rate
1985	272.8	-174.2	-108.5	100.0	211.1	86.2	124.9	124.9	100.0	242.7	35.2	207.5	207.5	100.0
1986	291.0	-141.1	-150.3	80.2	211.1	86.2	124.9	124.9	100.0	242.7	35.2	207.5	207.5	100.0
1987	220.2	-131.8	-88.4	70.3	187.3	80.1	107.2	107.2	100.0	264.3	56.7	207.6	207.6	100.0
1988	272.5	-100.2	-172.3	68.0	218.8	80.7	138.1	138.1	100.0	272.8	81.8	191.0	191.0	100.0
1989	330.2	-89.3	-240.9	65.4	245.3	70.5	174.8	174.8	100.0	310.2	65.4	244.8	244.8	100.0
1990	330.0	-78.3	-251.7	65.1	220.0	80.1	139.9	139.9	100.0	324.4	51.8	272.6	272.6	100.0
1991	340.5	-53.5	-394.0	64.5	247.4	83.1	164.3	164.3	100.0	327.4	11.2	316.2	316.2	100.0
1992	345.8	-55.2	-401.0	62.9	254.8	101.7	153.1	153.1	100.0	330.8	16.8	314.0	314.0	100.0
1993	357.3	-61.7	-419.0	62.6	300.0	123.8	176.2	176.2	100.0	322.9	31.4	291.5	291.5	100.0
1994	433.0	-127.1	-560.1	65.8	324.0	122.8	201.2	201.2	100.0	311.9	7.8	-304.1	-304.1	100.0
1st qtr 1994	106.3	-28.9	-135.2	65.8	81.1	32.8	48.3	48.3	100.0	81.9	7.8	-74.1	-74.1	100.0
2nd qtr 1994	107.7	-32.7	-140.4	65.3	81.7	31.8	49.9	49.9	100.0	89.7	11.2	-78.5	-78.5	100.0
3rd qtr 1994	106.7	-33.5	-140.2	62.8	80.4	30.1	50.5	50.5	100.0	88.7	8.2	-80.5	-80.5	100.0
4th qtr 1994	111.5	-31.8	-143.3	62.3	80.8	28.4	52.4	52.4	100.0	88.7	8.2	-80.5	-80.5	100.0
January 1994	34.1	-10.8	-44.9	64.7	26.9	11.3	15.6	15.6	100.0	26.3	3.2	-23.1	-23.1	100.0
February 1994	37.5	-8.4	-45.9	65.1	27.2	10.2	17.0	17.0	100.0	26.2	1.2	-25.0	-25.0	100.0
March	36.1	-10.8	-46.9	65.0	27.9	11.3	16.6	16.6	100.0	29.1	4.6	-24.5	-24.5	100.0
April	35.4	-11.1	-46.5	65.3	26.1	8.6	17.5	17.5	100.0	30.2	3.0	-27.2	-27.2	100.0
May	36.3	-11.0	-47.3	64.8	28.0	10.6	17.4	17.4	100.0	30.5	3.6	-26.9	-26.9	100.0
June	35.2	-12.2	-47.4	65.0	26.8	11.1	15.7	15.7	100.0	29.0	2.1	-26.9	-26.9	100.0
July	37.0	-10.5	-47.5	65.1	26.9	8.2	18.7	18.7	100.0	30.5	4.0	-26.5	-26.5	100.0
August	36.1	-10.9	-47.0	65.2	26.7	8.8	17.9	17.9	100.0	29.3	2.1	-27.2	-27.2	100.0
September	35.3	-11.0	-46.3	65.1	26.4	8.0	18.4	18.4	100.0	31.3	3.5	-27.8	-27.8	100.0
October	38.9	-11.4	-50.3	65.1	27.5	10.7	16.8	16.8	100.0	31.7	4.7	-27.0	-27.0	100.0
November	38.3	-8.4	-46.7	65.4	27.8	9.8	18.0	18.0	100.0	31.7	4.7	-27.0	-27.0	100.0
December	38.3	-8.4	-46.7	65.4	25.8	8.7	17.1	17.1	100.0	31.7	4.7	-27.0	-27.0	100.0
January 1995	38.3	-8.4	-46.7	65.4	25.8	8.7	17.1	17.1	100.0	31.7	4.7	-27.0	-27.0	100.0

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Exports and imports data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rate is the average of Bank of England trade-weighted indices. Data supplied by Datastream and WERA from national government and central bank sources.

JP 11/15/90

Beijing promises curbs on wasteful expenditure

By Tony Walker in Beijing

China has pledged further curbs on wasteful expenditure in an effort to ease inflationary pressures and restrain its budget deficit, expected to reach Yn66.6bn (\$4.86bn) this year.

Speaking on the second day of China's annual parliamentary session, Mr Liu Zhongli, finance minister, urged the implementation of "fairly stringent" fiscal policies. He blamed excessive capital spending for a "growing deficit" and an

accumulation of "huge debts" in the state sector. Losses and waste in the use of funds had been heavy, he said.

Continued austerity was consistent with the need to restrain price increases. "This is a major issue that has a bearing on the vital interests of the people and is indispensable for maintaining a favourable environment for deepening reform," Mr Liu said.

China's projected deficit for 1995 is marginally less than the budgeted figure for last year of

Yn66.5bn. The actual deficit in 1994 was Yn63bn, according to preliminary figures.

A western economist in Beijing said Mr Liu had "obviously set out to bring down an austere budget". The projected deficit for this year represented a decline in real terms and relative to the size of the economy. But the economist also said China's financial situation was complicated by the size of off-budget items such as contingent liabilities. State-owned enterprises were deeply in debt

to each other and to banks. In 1995, China expects revenues of Yn569.2bn, an increase of 9.9 per cent over 1994.

Expenditures would be in the order of Yn635.9bn, up 8.3 per cent. Mr Liu blamed a wages explosion, partly due to inflation, for pressure on spending in 1994. Revenue forecasts were exceeded because tax receipts were higher than expected.

Among other main points of the budget statement were:

- Defence expenditures were set to rise by 14.6 per cent to

Yn63.09bn. Budgeted military outlays, however, are believed to account for less than half of actual spending.

- Investment in agriculture support would increase by 13.7 per cent to Yn44.7bn in line with government attempts to boost grain production.
- Greater effort would be made to improve the working of the new tax system, including value-added and consumption taxes.
- China planned to raise Yn182bn in domestic debt

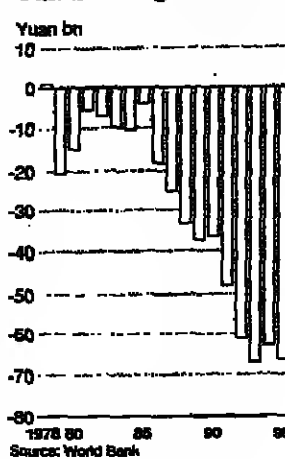
including the issue of treasury bonds.

Mr Liu estimated that debt service this year for both domestic and foreign borrowings would amount to Yn88bn, an increase of 37 per cent over last year. He warned of a growing debt burden. "Due to our country's present level of outstanding debt, the expenditures for servicing principal and interest will grow larger and larger during the Ninth Five-Year Plan (1996-2001)." Government departments

were urged to tighten their belts. "We shall strictly control the scale of investment in fixed assets and curtail the excessive growth of institutional spending," Mr Liu said. He singled out "serious overspending on construction", saying much waste was due to inaccurate feasibility studies and improper management.

Mr Chen Jinhua, state planning minister, told MPs the government would not relent from its current credit squeeze as part of belt-tightening.

China's budget balance



Hong Kong voters rebuff China in local elections

By Simon Holberton in Hong Kong

Hong Kong's voters delivered a rebuff to the Chinese government in local government elections held on Sunday when they largely ignored Beijing-sponsored candidates and voted for the colony's pro-democracy political parties.

It had been widely expected that so-called "pro-China" candidates would do well in Sunday's poll. Despite the efforts of Beijing's representatives in the colony to present a more accommodating image, affiliation with the Chinese government proved an electoral liability rather than an asset.

Turnout was higher than expected, prompting some analysts to predict up to 1m voters might exercise their rights in September's elections for the

Legislative Council, Hong Kong's lawmaking body. On Sunday 25.3 per cent (562,000) of the electorate voted, compared with 23.1 per cent in 1991. Last year, China said it would annul the result of this election and others held according to Governor Chris Patten's political reform package. Sino-British co-operation on Hong Kong's political development collapsed in December 1993 when talks between the two broke down.

Beijing's participation in the poll raised hopes it might not enforce its threat. Failure of Beijing's candidates to make much headway in the latest poll is likely to be used by those in the Chinese government who have advised against participation in the colony's politics.

Chinese officials were active

in mobilising "patriotic" groups to contest the 32 seats in the colony's urban council and the regional council's 27 seats. The two councils are responsible for \$1bn (\$650m) annual spending and are largely independent of the Hong Kong government. "We saw that essentially anti-communist strain that surfaces when Hong Kong people are asked the question," one Hong Kong official said.

The Democratic Alliance for the Betterment of Hong Kong (DAB), Beijing's party in the colony, won eight of the 17 seats it contested. Mr Tsang Yok Sing, DAB chairman, said no drastic changes would be made to the party's election fighting strategy.

The Democratic party, the main pro-democracy group in Hong Kong, contested 36 seats,



Three Democratic party members celebrate their victory in Hong Kong's municipal elections

winning 23. Last week, the Democrats, who had publicly said they expected to win 23 seats, feared they might win fewer than 18.

The Democrats' smaller rival for the pro-democracy vote, the Association for People's Livelihood and Development

(ADPL), won eight of the nine seats it contested. The two parties combined have a one-seat majority on the regional council and more than a third of the seats on the urban council.

Mr Patten said he hoped

there could be greater co-operation with China on matters relating to the transfer of Hong Kong's sovereignty in 1997. On Sunday, China's premier Li Peng said he hoped Britain would abide by the 1984 Joint Declaration.

ASIA-PACIFIC NEWS DIGEST

Malaysians sue Crédit Suisse

Barjaya, the Malaysian industrial group, said yesterday it was taking legal action against Crédit Suisse in a suit seeking a total of M\$500m (£121m) and was asking the courts to nullify a derivatives deal on which it faces losses of up to \$14m (£3.6m).

The move is the third in a wave of lawsuits surrounding a disputed interest rate swap transaction.

The group accused CS First Boston (Singapore), CS First Boston (Hong Kong) and Crédit Suisse Financial Products, London, of "negligent misrepresentation and/or negligence" in the suit filed in the High Court of Kuala Lumpur last Wednesday. Also named as a defendant was Public Bank's offshore unit in Labuan, in eastern Sabah state. It is asking that Public Bank Labuan declare null and void the interest-rate swap deal said to have been entered into by Barjaya Corp (Cayman).

The proceedings came more than a month after Public Bank Labuan filed a writ in a high court in London to claim "damages for breach of an oral contract" first entered into on November 15, 1993. Barjaya said the swap deal was entered into by two of its senior executives without proper authorisation of the board. The two executives, Mr Yung Tsak Ming and Mr Tan Kwoy Lya, were suspended in late December Mr Yung, who left the company, said he was planning to sue units of Crédit Suisse for at least \$50m in damages for ruining his career. *Reuters and AFP, Kuala Lumpur*

Zhirinovskiy redraws India

Mr Vladimir Zhirinovskiy, the Russian ultra-nationalist leader, calling for a redrawing of national boundaries through a large swath of Asia, said on a visit to New Delhi yesterday he wanted Pakistan and Bangladesh to be folded into India. He also said Russia and India, separated by several Central Asian countries, should share a common border.

"When I was born in 1946, there was only India. There was no Pakistan, no Bangladesh. I would like to die at a time when (it) would be the same," he said on arrival. His 36-member delegation includes five deputies of his Liberal Democratic party (LDP), one of the biggest groups in the State Duma, the lower house of parliament. He added that Russia could swap land with Afghanistan to bring the two countries together. Mr Zhirinovskiy's visit is being hosted by the state-run Indian Council for Cultural Relations. *Reuters, New Delhi*

ADB takes strong forest line

The Asian Development Bank said yesterday it was adopting a new lending policy designed to arrest the "alarming" destruction of Asia's tropical forests. It would refuse to finance "any rural infrastructure or other public investment projects that contribute to the loss of forests" and would promote energy pricing policies to promote "the use of fuelwood alternatives such as bio-gas, kerosene and solar power".

It will also support projects to create jobs in rural areas that are "designed to draw people away from illegal forest exploitation" and will direct agricultural assistance to "encourage intensive production on existing lowlands rather than on farming by clearing forest lands". A statement from the multi-lateral lender said "the rate of deforestation is alarming", with the region's forest area reduced by 9 per cent, or 45m hectares (111.5m acres), between 1980 and 1990, which was nearly double the annual replanting rate of 2.1m hectares. *AFP, Manila*

Philippine inflation dropped to 5.1 per cent last month, down from 6.2 per cent in January and less than half the 10.5 per cent figure recorded this time last year, the National Statistics Office said yesterday. Lower fuel and water charges were the main reason for the slowing in inflation to the smallest rise in the consumer price index since June 1987. *Edward Luca, Manila*

Taiwanese consumer prices rose 3.49 per cent year-on-year in February, inflation for the whole of 1995 is seen at 3.71 per cent, down from 4.09 per cent in 1994, said Mr Hsu Chang-yao, deputy director general of the Bureau of Statistics. *Reuters, Taipei*

Nine Japanese companies face collusion charges

By Michiyo Nakamoto in Tokyo

Japan's antitrust watchdog yesterday filed criminal charges against nine Japanese electrical machinery makers suspected of rigging bids for public sewerage contracts.

The Fair Trade Commission launched criminal proceedings against Hitachi, Toshiba, Mitsubishi Electric and six other companies it believes have arranged successful bids for electric equipment contracts for the Japan Sewage Works Agency.

The move has attracted interest as the first time the FTC has filed charges against leading Japanese companies and only the second criminal charge since the country's antitrust rules were tightened in 1993. The agency has frequently been criticised for its lack of teeth in combating unfair competitive practices.

The nine companies charged yesterday are suspected of having formed a cartel which received advance notice of the Sewage Works Agency's annual procurement plan, and holding discussions over many years to determine each company's share of the projects.

The criminal charges refer to alleged collusion in 1993.

Investigations of the cartel

suggested that it was not only sanctioned but encouraged by the Sewage Works Agency which conducts tenders for the public works contracts on behalf of local governments. The agency is supervised by the Construction Ministry from which it receives many of its officials.

The agency is alleged to have asked the accused companies to submit bids according to the mutually agreed rules. It frequently comes under pressure from politicians and local authorities to award bids to specific companies and the cartel system is thought to have enabled it to reflect such vested interests, industry members explained.

The FTC, which was yesterday confident that its latest move would help prevent similar bid-rigging activity, has frequently been criticised for its reluctance, or inability, to charge leading companies that are widely thought to conduct such cartel activities routinely.

Japan has faced criticism about collusion internally and from its trading partners, notably the US which has often charged that widespread collusive practices act as unfair barriers preventing foreign companies from further penetrating Japanese markets.

Muted bark of market watchdog

Barings affair raises Japan supervision questions, writes Gerard Baker

The revelation at the weekend that leading Japanese banks may have more than Y60bn (\$92m) in loans to Barings, the collapsed British merchant bank, has raised new questions in Japan about the effectiveness of the country's financial supervision.

The debacle has already caused dislocation in the country's stock market, and the banks' problems will exacerbate the mood of financial uncertainty that prevails in Japan.

Japan's powerful finance ministry might have been forgiven a temptation to crow in the immediate aftermath of the collapse of Barings. The country has long been pilloried for rules that are thought to deter investment in its financial markets, especially in derivatives.

The finance ministry has defended these regulations by claiming they provide the best investor protection in the world. And it seems likely that some of the restrictive rules under which Barings operated in Japan may have prevented a more frightening collapse.

One regulation that has been a particular bugbear of the foreign financial community requires hefty margin payments on contracts on the Osaka Securities Exchange (OSE). Investors wishing to take a position on the Osaka market must deposit with the exchange 30 per cent of the in-

tial value of the contract. In Singapore the figure is a fraction of that. As a result, large volumes of futures business have moved from Osaka to Singapore in the last three years.

Yet when an institution fails, and is unable to meet its obligations, as in Barings' case, the financial community is better protected by the Osaka regulations. The large margin payments on the OSE mean the exchange was comfortably able to finance the losses without having to demand support from the members of the exchange - other brokers. The Osaka authorities say their expensive system was effective in containing the fall-out from Barings.

Japan's bureaucrats will also feel vindicated in their somewhat disapproving approach to derivatives trading in general. In spite of pressure from would-be investors and foreign governments, the finance ministry has dragged its feet in liberalising the rules. The most prohibitive regulation - one that prevents trading instruments such as futures off-exchange - has its roots in anti-gambling measures. The ministry is reviewing these rules but the Barings collapse is likely to make its steps even slower.

Indeed, it was the law forbidding the off-exchange trading of futures that in effect scuppered hopes of an immediate "lifeline" rescue for Barings.

When the Bank of England approached the Bank of Japan 10 days ago in an effort to enlist its help in persuading Japanese banks and brokers to take on the loss-making Barings positions, the Japanese central bank replied that its hands were tied by the law.

"The MoF will not have been at all unhappy over the renewed concern about derivatives that has arisen from the Barings collapse," said one analyst with a US company. "It could set the reform process back a while."

While the authorities are likely to feel some satisfaction that their cautious attitude towards liberalisation has been justified, they are no better able to explain why so little was done about the warning signs Barings was giving off than are their counterparts in the UK and Singapore.

For some months the bank had been amassing a substantial position in Nikkei futures on the Osaka exchange. This should have caused particular concern for the Japanese authorities because such a long position carried with it a substantial threat for the whole Japanese financial system. Were those long positions to be unwound quickly (as happened) the consequent slump in the market would have been to weaken further Japan's banks by reducing the value of their shareholdings.

So the Japanese had more

reason than most to keep a close watch on Barings' long positions. Though neither the Bank of Japan nor the ministry of finance would comment publicly, it has been widely reported in Tokyo that the central bank had approached the OSE and Barings on two occasions in the last month to ascertain the safety of the positions being built. It was, apparently, given satisfactory answers. But it is unclear how rigorously those answers were pursued, by either the OSE or the central bank.

There are concerns, too, about Japan's role in the international regulatory arrangements laid bare by the affair. There is no evidence that the Japanese regulators alerted other authorities about what it knew until it was too late.

Rivalry between the Osaka and Singapore exchanges is fierce - Osaka is somewhat miffed at having lost so much business to Singapore - and critics say that this has resulted in insufficient co-ordination between them.

This is perhaps the most troubling aspect of the affair from the regulator's viewpoint. For all the close control exercised by Japanese authorities, in a global market where banks are capitalised in one country and taking risks in another, without proper co-operation among the police-men financial mishaps can happen.

FT WORLD TAX REPORT

A comprehensive, monthly briefing on key tax developments in Europe and throughout the world, providing timely, concise information and analysis.

Through its own worldwide network of tax specialists and the international resources of the Financial Times, it is able to cover not only major industrialised countries but developing nations as well.

FT WORLD TAX REPORT delivers early warning of expected tax changes, analysis of legislation and judicial decisions, as well as tax treaties that affect international business and investment. Essential reading for finance directors, chief financial officers, legal and accountancy tax advisers.

To receive a FREE sample copy contact:
FT World Tax Report,
Financial Times Newsletters,
PO Box 3651,
London SE1 8PH
Tel: +44 (0) 81 673 6666
Fax: +44 (0) 81 673 1335



FINANCIAL TIMES

ECONOMICS AND BUSINESS MANAGEMENT STUDIES

FINE ARTS & DESIGN

INFORMATION AND COMMUNICATION TECHNOLOGIES AND STUDIES

BASIC SCIENCES

HEALTH STUDIES

ARCHITECTURE AND CIVIL ENGINEERING

ENVIRONMENTAL STUDIES

STUDIES IN INDUSTRIAL TECHNOLOGIES

HISPANIC STUDIES

BARCELONA. THE BRAIN CENTRE.

Barcelona

The University Centre of Southern Europe.

Barcelona hosts some 4,000 foreign students last year and ranks as one of the European cities with the greatest number of ERASMUS participants. It's not surprising. Barcelona hosts one of the largest university communities in Europe, made of 170,000 students and 8,500 professors in five universities that offer some 150 degree programmes. In its 500 years of university life, Barcelona has committed itself to quality, with a tradition, a temperament and a diversity all its own. Barcelona has a special touch of genius, great creativity, an innovative drive, enterprising spirit and an enormous work capacity. If you are considering undergraduate or graduate studies abroad don't hesitate. Barcelona is the right place for you. For more information, please call the Barcelona University Centre. Tel: 34 - 3 - 402.72.24



BARCELONA More than Ever

NEWS: UK

Gore to meet top Tory over Irish peace

By John Murray Brown in Dublin and John Kampfer in London

Sir Patrick Mayhew, Northern Ireland secretary, yesterday flew to Washington for the first talks between the UK government and the Clinton administration since publication of the Anglo-Irish Framework Document aimed at securing peace in the troubled British province.

Sir Patrick is scheduled to meet Vice-President Al Gore, Mr Warren Christopher, Secretary of State, and Mr Tony Lake, National Security

Adviser, as well as leading figures on Capitol Hill.

Officials said Sir Patrick would give an "upbeat assessment" of progress towards a Northern Ireland political settlement despite the pro-British Ulster Unionists' denunciation of the document and ending of links with the Conservatives.

"There are welcome signs that the constitutional parties will be talking about the issues raised in it," Sir Patrick said before leaving Britain. "I believe the (US) administration will wish to encourage this and the more

encouragement that comes from Washington the better."

Sir Patrick is also likely to enquire about any decision on a visa application for Mr Gerry Adams, president of Sinn Féin, the political wing of the Irish Republican Army.

Mr Adams' last visit was made conditional on not taking part in fundraising and there has been growing concern at Westminster that such a restriction might be waived.

As he embarks on the difficult task of establishing talks between Northern Ireland's parties, Sir Patrick has

offered to upgrade exploratory meetings with Sinn Féin to ministerial level if it promotes progress on arms decommissioning. The US has also stepped in with a call to the IRA to hand over its weapons.

Meanwhile, Ulster Unionist MPs yesterday threw their weight behind proposals for an outside organisation to be engaged to help facilitate the decommissioning of paramilitary weapons.

The unionists are keenly aware that after what they see as the snub by the UK government, they may have no

choice but to show some flexibility. Their plan is for an international disarmament commission headed by a "person of international repute" such as a former commander in Bosnia, to be set up to deal directly, "without interference" with the paramilitaries.

The move is clearly aimed at turning public attention back on the IRA. By internationalising the arms issue, they believe the goodwill of the IRA can be put to the test after a period in which Sinn Féin has been perceived as taking a more constructive role in the political process.

■ Latest Bentley will cost \$342,000 ■ Choice of partner explained ■ Rover market share slips

R-R aims at closer BMW links

By Kevin Done, Motor Industry Correspondent

Rolls-Royce Motors Cars will unveil at the Geneva motor show today a flagship model for the group, the £215,000 (\$341,850) Bentley Azure convertible.

Rolls-Royce hopes that the new model, the most expensive series production car in the group's history, will help to boost profitability in a period when its overall sales volumes are recovering only slowly from the low point of the last recession.

The company is also extending its collaboration with BMW of Germany, with which it reached an engine supply agreement at the end of last year.

Sir Colin Chandler, chief executive of R-R's parent group Vickers, said Rolls-Royce would derive other key components from BMW technology including air conditioning, brakes and gearboxes.

In addition the two groups expected to decide later this year on a joint venture project to develop a "smaller" Bentley convertible and coupé based on the Java concept car unveiled at last year's Geneva motor show.

The two groups were studying the styling, technology and pricing of the car, which would be based on a BMW chassis platform, Sir Colin added.

A decision to go ahead with the Java project could lead to a virtual doubling of production volumes by Rolls-Royce Motor Cars by the end of the decade.



The Bentley Azure convertible is the most expensive series production car in Rolls-Royce history.

Sir Colin said Vickers had chosen BMW in preference to Mercedes-Benz as a partner for Rolls-Royce because its "pricing was a bit more competitive".

In addition BMW had been "very quick and responsive", whereas Mercedes-Benz "was a bit more bureaucratic". Vickers also believed that BMW "would try harder", as there was "more of a gap" between its cars than Mercedes-Benz's with the Rolls-Royce and Bentley ranges.

The Bentley Azure, unveiled today and designed in collaboration with Pininfarina, the Italian design house, will have a top speed of 150mph, 0-60 acceleration of 6.3 seconds and an urban fuel consumption of 9.9 miles per gallon.

Only 118 of the cars, a convertible version of the Bentley Continental R coupé launched

at Geneva in 1991, will be sold this year.

Sales of Rolls-Royce and Bentley cars rose only modestly by 4 per cent to 1,414 last year from 1,360 a year earlier.

Profitability improved strongly, however, as a result of a much richer product "mix" with increased sales of the group's more prestigious models including a rise in the number of "bespoke" models produced by its Mulliner Park Ward specialist coachbuilding division.

Operating profits of Rolls-Royce Motor Cars rose to about £14m last year from less than £4m in 1993 following trading losses of more than £20m in 1992 and more than £30m in 1991.

Vickers expects Rolls-Royce car sales to rise by about 10 per cent this year to between 1,500 and 1,600 with an increasing

trend towards the higher-margin models such as the Azure.

The company has been drastically restructured to take account of the steep fall in sales it suffered in 1991 and 1992. It has reduced its break-even production level to fewer than 1,300. Output totalled 1,356 last year compared with 1,293 in 1993 and was still much less than half the 3,274 cars produced in 1990.

Last year's sales of 1,414 compared with the record 3,333 achieved in 1990. While sales rose last year by 27 per cent to 460 in the UK and by 22 per cent to 116 in Japan, volumes fell by 6 per cent in North America to 385 and by 11 per cent in mainland Europe and by 6 per cent in the Middle East.

Roll down sunroof, Page 15

Fleet buyers boost sales for mass-market manufacturers

REGISTRATIONS OF NEW CARS	Feb 1995	Feb 1994
	Volume	Share
Total market	162,269	100.0
UK produced	101,191	62.4
Imports	61,078	37.6
Private	127,574	78.6
Fleet/business	34,722	21.4
Private	67,557	41.6
Ford group	33,243	20.5
- Ford	33,243	20.5
- Jaguar	1,881	1.2
- Land Rover	24,758	15.2
- Vauxhall	23,758	14.6
- Saab	1,005	0.7
BMW group	22,003	13.6
- BMW	17,063	10.5
- Peugeot	4,940	3.0
- Volvo	1,222	0.8
Peugeot group	17,063	10.5
- Peugeot	12,578	7.8
- Citroën	4,485	2.8
Renault	10,094	6.2
Volkswagen group	9,008	5.6
- Volkswagen	4,130	2.5
- Skoda	4,878	3.0
SEAT	1,899	1.2
Skoda	814	0.5
Mini	7,080	4.3
First group	5,952	3.7
- First	5,952	3.7
- Alfa Romeo	173	0.1
Toyota	4,511	2.8
Honda	2,976	1.8
Nissan	3,256	2.0
Mercedes-Benz	2,606	1.6
Mazda	1,213	0.8

Source: Society of Motor Manufacturers and Traders

Registrations of new cars rose last month for the first time since September. But the increase was due solely to fleet and other business buyers. Private purchases remained below their levels of a year before, as they have done repeatedly since last summer.

Fleet and business purchases were 11.5 per cent higher last month than in February 1994, but private purchases were 3.1 per cent lower. Figures for registrations of commercial vehicles, also published yesterday, emphasised that the motor trade and industry's problems are confined entirely to the private sector. February saw a 28.1 per cent surge in

registrations of vans, trucks, buses and coaches to 20,896, leaving the total for the first two months of the year as a whole 25.8 per cent higher, at 33,954.

Total new car registrations for the first two months, at 34,315, were 0.2 per cent lower than in the same period last year. Private purchases were 8.9 per cent lower, year-on-year, and fleet and business purchases 8.5 per cent higher.

The gap between market leader Ford and second-placed General Motors widened last month, with the GM's ageing Vauxhall Cavalier losing ground to Ford's Mondeo, Rover also lost ground.

Police to target animal activists

By James Harding

Britain's senior police officers are to launch a co-ordinated assault on violent animal welfare activists.

Under the plan drafted by the Metropolitan Police Special Branch, which is being examined by the Association of Chief Police Officers, resources from the anti-terrorist branch of Scotland Yard would be deployed to crack down on animal rights-related crimes.

The initiative follows a meeting last month between Mr David Maclean, a Home Office minister, and Sir David Nash, president of the National Farmers' Union, to discuss the problems of policing animal welfare protests. Sir David has voiced farmers' concerns that a radical element is hijacking the animal welfare movement. The NFU said: "Law and order must be maintained and our members, many of whom have been threatened, would wel-

come a measure which reassures them of their safety."

According to Special Branch figures there were 535 incidents involving animal rights campaigners in the first eight months of last year. The vast majority of the cases involved criminal damage, at a total cost of £5.38m (£8.55m).

Non-violent animal welfare campaigners, however, feared the move could discredit "what is an overwhelmingly peaceful movement". Although they endorsed the fight against violence, peaceful campaigners were "deeply concerned" that "the overall package might stifle legitimate protest".

Police officers emphasise that the campaign is directed at violent extremists and not peaceful protesters. Scotland Yard hopes that skills employed in tracking terrorists may be appropriate in fighting animal welfare activists who are prepared to use criminal tactics to further their cause.

Fresh embarrassment as Major's government suffers 13th rapid exit Science minister resigns over affair

Mr John Major lost his 13th government member over alleged improprieties yesterday, our Westminster Correspondent writes.

Mr Robert Hughes, a junior minister, resigned after admitting to an extra-marital affair.

Mr Hughes, number two at the Office of Public Service and Science, was replaced by Mr John Horgan, who returns to government benches for the first time since serving as junior transport minister under the 1976-79 Labour administration.

Mr Horgan moved to the Callaghan cabinet, Mr Horgan broke away to join the Social Democrats in 1981. He lost his seat two years later, joined the Conservatives in 1987 and was elected to the safe seat of Orkney in the 1993 election.

Labour MPs were quick to mock Mr Horgan's transfer

to family values.

MPs speculated that Mr Hughes felt obliged to quit to pre-empt revelations in a tabloid newspaper. The decision testifies to sensitivities in cabinet, with ministers now under pressure to resign at the first sign of trouble.

As Downing Street sought to limit the damage of the latest revelation, Mr Hughes appeared with his wife outside his Harrow West constituency office to comment on an affair said to have taken place six months ago.

The choice of Mr Horgan, 56 today, as his successor surprised many at Westminster. After serving in the Callaghan cabinet, Mr Horgan broke away to join the Social Democrats in 1981. He lost his seat two years later, joined the Conservatives in 1987 and was elected to the safe seat of Orkney in the 1993 election.

Labour MPs were quick to mock Mr Horgan's transfer



Robert Hughes admitted to an extra-marital affair

between three parties. Mr Kevin McNamara, an opposition front bench spokesman, said: "I sympathise with you in your predicament that having started off with such high hopes in this House as a sponsored member of the Transport and General Workers' Union, you should have ended up as a junior minister in the most dis-

credited government this century."

Members of the House of Commons' Privileges committee met last night to examine a draft report outlining actions they could take against three Tory MPs who are alleged to have received cash for tabling parliamentary questions.

The MPs - Mr Graham Riddick, the member for Colne Valley, Mr David Tredinnick, the MP for Bosworth, and Mr Bill Walker, the MP for North Tayside - are alleged to have breached parliamentary rules by each accepting payments of £1,000 from a Sunday Times reporter, posing as a businessman, to ask questions of ministers.

It is understood that the report, which was drawn up by the committee's clerk, outlines the full range of punishments which the committee could impose on the MPs, but suggests that the individuals are subject to different degrees of culpability.

Admiral's Cup Winner with enamelled nautical pennants marking the hours. Registered model.

For a brochure, write to: Corum, 2301 La Chaux-de-Fonds, Switzerland.

Capacity shortages stack up over London

Airports are caught between reluctant residents and determined commercial rivals, says Michael Skapinker

To some in the airline industry, the British government's announcement last month that no new runways would be allowed in the London area spelled the end of the UK's premier position in European aviation.

Heathrow, Europe's leading airport, is heavily congested. Last summer many airlines were refused take-off and landing slots because there was no room for them.

Nevertheless, Mr Brian Mawhinney, transport secretary, ruled out a third runway at Heathrow and said Gatwick, London's second airport, could not build a second runway.

A few days later Schiphol, Amsterdam's airport, received Dutch government permission to build a fifth runway.

Opponents of new runways at Heathrow accept that, because of their actions, Heathrow and London could face long-term relative decline. Charles de Gaulle in Paris and Frankfurt airport both have

ambitions to become Europe's leading airport.

It might take years for European airports outside the UK to catch up. In 1993 Heathrow handled 48m passengers, Frankfurt 33m, Charles de Gaulle 26m and Schiphol 21m. The campaigners accept that without expansion at Heathrow the non-UK airports will close the gap.

Mr Dermot Cox, a committee member of the Heathrow Association for the Control of Airport Noise, said: "I think that's a choice we're making."

Mr Brendan Sewill, chairman of the Gatwick Area Conservation Campaign, said the UK was too small and crowded to accommodate endlessly expanding airports.

Airport expansion around the world attracts environmental protests, often violent. The

three and a half thousand homes isn't a practical proposition," he said.

BAA says it can maintain Heathrow's leading position in Europe with only two runways. What it desperately needs is a fifth terminal. A public inquiry on plans to build one will start in May.

Mr Everitt said a fifth terminal would allow Heathrow to increase its passenger capacity to 80m through more efficient use of the existing two runways.

Heathrow uses different runways for take-offs and landings. At 3pm the runway used for take-offs in the morning and early afternoon becomes a landing runway.

The one used for landings in the morning is used for take-offs in the afternoon. As aircraft land and take off from

different directions, this gives nearby residents one quiet period each day.

A study published last year by organisations such as BAA and the Civil Aviation Authority said that by using both runways for take-offs and landings the number of aircraft using Heathrow could be substantially increased. This might sound dangerous but BAA says it is commonplace.

Mr Everitt said, however, that these changes were not needed for Heathrow to accommodate another 30m passengers a year. Traffic could be increased, using the current runway set-up, by improving pilot landing techniques. Heathrow could also build rapid exit taxiways to reduce the amount of time aircraft spend on the runway.

BAA's difficulty is that campaigners are preparing a vigorous fight against a fifth terminal. Even optimists concede that if they win, London's position will be lost.

UK NEWS DIGEST

Official forecast of immigration rises sharply

Nearly 1m immigrants are expected in Britain over the next 20 years, partly because of an unexpected influx of people from the European Union, say government projections. The figures, compiled by the Department of the Environment, represent a sharp change from government estimates in 1991, when zero net migration was forecast.

The inflow of new citizens will contribute to the country's need for extra homes, which most housing groups already estimate at 1m. This is due to a growth in the number of single-parent households. The population of Greater London is projected to rise by 474,000 between 1993 and 2011. A net 1.05m people are expected to leave the capital for other parts of the UK, but a net inflow of people from abroad is forecast at 690,000 for the same period, with natural growth raising London's total population to 7.4m from 6.9m.

The report comes three weeks after Mr Charles Wardle resigned as a junior trade minister, warning the government that the EU might force the UK to relax its border controls. Mr Wardle said this would help non-EU citizens to enter the UK. The DoE's projections do not take this possibility into account.

As well as coming from the EU, the immigrants are also expected from Africa, south Asia and the Caribbean. The government expects each year an additional 20,000 asylum seekers and "visitor switchers". The latter come to the UK for a year or less and are then allowed to stay longer, usually because they marry or start studying. Over the same period, a net outflow of 20,000 people each year will go to Canada, New Zealand, Australia and the US. According to the government figures, the total number of households in England will rise by nearly a quarter, from 19.2m in 1991 to 23.6m in 2016. The forecast growth is 50 per cent faster than had previously been projected. The number of households in the UK rose by more than 40 per cent between 1961 and 1993, while the average household size fell from 3.1 people to 2.4. *Simon Kuper*

Managers win big pay rises

Management pay rises are running at their highest level for two years, says the pay information specialist Incomes Data Services. Rises for managers and professional staff in the private sector rose to an average of 3.6 per cent in the three months to January 1995, it adds. This compared with an average of 2.9 per cent in the same period a year before.

Incomes Data says pay freezes have virtually disappeared and most rises are in the 3 per cent to 3.9 per cent range. It adds that recruitment and retention problems have re-emerged as a reason for paying extra to some specialist groups such as information technology employees. *Richard Donkin, Employment Staff*

Union ballot soon at Barclays

Thousands of employees are to be balloted over strike action at Barclays Bank, which is today expected to report a sharp improvement in profitability. The Barclays Group Staff Union will ballot its 32,000 members after rejecting a 2.75 per cent pay offer. It complained that the proposed deal would be the third below-inflation award given to workers in successive years. The union, which represents two-thirds of Barclays workers, is demanding a 5 per cent rise.

Meanwhile the Banking, Insurance and Finance Union challenged Barclays directors to take the same pay rise as that planned for staff. Mr Rob MacGregor, assistant secretary with Bifu, said: "We don't want one law for the top and one law for the rest - all employees generate profits." *Andrew Bolger, Employment Correspondent*

Post Office scorns strike

A strike by workers in Post Offices yesterday was dubbed a flop by managers who claimed that just 75 offices were closed by the action compared with 120 in a similar 24-hour strike before Christmas. The Post Office said 1,700 workers in its Counters division had backed the industrial action called by the Communication Workers Union in protest at franchising of main offices. The union has described the franchising as "backdoor privatisation". The union maintained that members in 19 regions including London, Glasgow and Bristol had taken part in the strike, which did not affect mail deliveries and collections. *PA News*

Nationalism surges in Scotland: Support for the Scottish National party outnumbers that for the governing Conservatives by almost 2 to 1, an opinion poll in the Glasgow-based Herald newspaper suggests. The SNP campaigns for full independence for Scotland outside the UK but inside the European Union. The poll of more than 1,000 voters late last month puts support for the opposition Labour party at 52 per cent with the nationalists at 25 per cent and the Conservatives at 11 per cent.

A show is born: Sir Andrew Lloyd Webber is to bring the Judy Garland musical *A Star is Born* to the stage on Broadway and in London's West End. Sir Andrew has just bought the rights to the 1954 film, which has never been staged before, from Warner Brothers. "We are not absolutely certain whether it will premiere in the West End or Broadway but there will be productions in both London and New York," said a representative of Sir Andrew.

Stag hunters at bay: A dispute over whether a municipal authority has the power to ban stag hunting across the Quantock Hills in south-west England because it is "crude" has begun in the Court of Appeal. Somerset County Council is challenging a High Court ruling that council members exceeded their powers when they voted in 1993 to ban hunting because it was "morally repugnant". More than 30 councils which have imposed similar bans are awaiting the outcome of the Somerset case.

Handwritten note: 24/11/95

INTERNATIONAL PEOPLE

New head for Daimler service arm

Klaus Mangold, former chairman of the Quelle mail order group, will become chairman of Daimler-Benz InterService in late May. He replaces Manfred Gentz who takes over responsibility for finance and personnel on Daimler-Benz's management board.

Robert B Shapiro, 56, chief executive of Monsanto, takes over as chairman on April 1 from Richard J Mahoney, 61, who has headed the company since 1983.

Alfred Powis, who has headed Canada's Noranda mining group for 27 years, steps down as chairman next month and will be succeeded by David Kerr, who will be chairman and chief executive.

Olof Lundberg is resigning as director general of Immarstat, the international maritime satellite organisation, to be chief executive of Immarstat-P, an affiliate developing a global mobile telephone service.

Michael Bauman, 44, has left Tenneco's Walker Manufacturing in the US, to return to the UK as chief executive of Varsity Corporation's Perkins diesel engine business.

René Karsenti, treasurer of the European Bank for Reconstruction and Development, joins the European Investment Bank in May as director of finance and treasury. He will be replaced by his deputy, Mark Cutis.

Edward E Sheridan, 40, has replaced Joseph M Petri as head of Merrill Lynch's institutional client division. Petri, 42, is setting up his own money management firm. Joseph H Moglia, 45, who joined Merrill in 1984 after 16 years as a football coach, succeeds Sheridan as head of the municipal markets division.

Arthur Stephens, 46, president of Houston-based Brown & Root Services Corporation, has moved to London as chief executive of the firm's operations in Europe, Africa, and the former Soviet Union. He replaces Keith Henry, 50, who has left to be chief executive of National Power.

Sir Denys Henderson, who steps down as chairman of ICI next month, chairman of The Rank Organisation.

Marco Landi, 51, former president of Texas Instruments Europe, president of Apple Computer Europe. He replaces

Sören Olsson who left last July.

Norman Davidsoo Kelly, a former executive director of Lasmco, senior vice president corporate business development at BHP Petroleum.

Sir Neil Macfarlane, 58, a former British government minister, chairman of Securicor Group and Security Services. He replaces Peter Smith, 74, who retires after more than 20 years heading the group.

Steven G Lamb, 38, chief operating officer of Case Corporation, the agricultural equipment maker. He will continue to head Case's European operations.

David Kogan, 37, who joined Reuters following its 1992 acquisition of Visnews, managing director of Reuters Television. He replaces Enrique Jara, 55, a former journalist who is moving to Argentina as director of television and new media development Latin America.

Mark Seich, a director of Wertheim Schroder, has joined Bank of America Securities as managing director for European fixed income.

Clint Marshall, 46, an assistant general manager of Hong Kong and Shanghai Banking Corporation, is to succeed Colin Bamford, 52, as chief executive of the Hong Kong Bank's Japanese operation.

Rajesh K Shah, has joined United Technologies, from Varsity Corporation, as chief financial officer of UT Automotive.

John E Bryson, 51, chief executive of SCEcorp, parent of the second biggest US electric utility, a director of The Boeing Company.

Jimmy Shen, former general manager of China's First Paper (Yantai) Corporation, president of the Asia/Pacific arm of Varsity, the US industrial company.

Barry R Sloane, 40, former senior vice president of J & W Seligman, has joined Credit Suisse as group executive for private banking, Credit Suisse USA.

International appointments

We hope to create in these columns a comprehensive listing of senior appointments in international companies.

Please fax announcements of new appointments and retirements to:

+44 171 873 8325, marked for International People.

Set fax to 'Int'.

Dutch cartel loses appeal



EUROPEAN COURT

The European Court of First Instance has rejected an appeal by 29 Dutch building contractor associations.

The associations had appealed against a 1992 European Commission decision that refused them an exemption from EC competition rules and imposed fines totalling Ecu2.5m.

The Commission decision concerned the constitution and certain rules on tendering procedures and prices of the members of the Dutch national SPO Association.

The Court first dismissed contentions that the decision was no-existent or void because of defects in the way it was adopted. On the facts, the CFI found that there were no grounds for doubting the veracity of the decision.

It went on to dismiss each of the grounds relied on by the associations for annulment of the decision.

The rules of the umbrella SPO Association provides that, when several members tender for a building contract, the SPO must hold a meeting to determine the lowest competitive tender. The tenderer chosen ("the entitled undertaking") is then protected in various ways from competition from the other members, thus reducing the freedom of choice of the customers awarding the construction contract.

The regulations also required certain price increases to be added to the tender price to cover reimbursement by the entitled undertaking of tender costs incurred by the unsuccessful members ("calculation costs").

The CFI first confirmed the Commission's findings that the rules in question restricted competition in breach of the treaty, since there was an unlawful exchange of price information and concerted action by the would-be tenderers on the terms and prices of their tenders which limited the parties' freedom to negotiate.

In particular, the Court confirmed that the treaty dealt with such rules, applicable throughout the Netherlands, if they were potentially capable of affecting trade even if there was no appreciable effect on actual trade. Thus account

could be taken of directives opening up the public procurement market in future.

Second, the Court approved the Commission's refusal of the exemption requested. In particular, it said it was sufficient that the customers did not receive any share of the alleged economic benefits of the restrictions.

The CFI rejected the association's criticism of the Commission's micro-economic analysis of their rules, which they claimed were intended to remedy macro-economic structural imbalances between supply and demand. These resulted from the characteristics of the sector and from Dutch legislation, which favoured the consumer and did not facilitate counteraction to the "playing off" of tenders by the contract awarders.

The burden of proof that exemption was justified always lay with the applicant, the Court said. The Commission was right simply to assess whether or not the two central elements of the regulations - namely the protection of entitled undertakings and reimbursement of calculation costs - satisfied the conditions for exemption.

The Court also found that the restrictions of competition were not indispensable to achieve their alleged aims, namely improvement of the market balance between demand and supply by limiting transaction costs and to counteract "play-offs" which could lead to ruinous competition between tenderers. In particular, the contract awarders who knew their requirements best were excluded.

The CFI confirmed that its powers were limited when reviewing the complex economic assessments made by the Commission in exercising its discretionary exemption powers. It could only check for procedural irregularities, inadequate reasoning, inaccurate facts, manifest error of appreciation or misuse of powers.

Finally, the contention that the fines were excessive was rejected by the Court, since they represented only 0.5 per cent of the average annual value of the contracts covered.

T-29/92, SPO v Commission, CFI ICH, February 21 1995.

BRICK COURT CHAMBERS, BRUSSELS

FIDELITY ORIENT FUND

Société d'Investissement à Capital Variable
Kansallis House - Place de l'Etoile
L-1021 Luxembourg

R.C. Luxembourg B 19.061

NOTICE OF ADJOURNED EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an adjourned Extraordinary General Meeting of Shareholders of Fidelity Orient Fund ("the Corporation") will be held at the registered office of the Fund in Luxembourg on Tuesday March 21, 1995 at noon to consider the following proposed amendments to the Articles of Incorporation:

AGENDA

1. Deletion in paragraph 2 of article 24 of the Articles of Incorporation of the terms "in Luxembourg" in the two places where they appear.
2. Deletion in article 24 paragraph 5 of the two references to "close of business" and replacement in the first instance by the words "time of valuation (as the Board of Directors may by resolution direct)" and in the second instance by the words "time of valuation".
3. Amendment of the "Valuation Regulations", sub-paragraph B(ii) of article 24 of the Articles of Incorporation so that it reads as follows:
"(ii) the value of any bond, time note, share, stock, debenture stock, subscription right, warrant, option or other investment or security which shall be listed or dealt in upon any stock exchange shall be determined as at the time of valuation (as the Board of Directors may by resolution direct) on any Valuation Date by taking the last available closing price (or if there has been no sale, at the closing bid price) on the Valuation Date on the stock exchange that is normally the principal market for such security, all as reported by any means in common use or, if the Board so decides, at the last available price at the time when the valuation is carried out, or in event of emergencies or unusual circumstances regarding trading of such security, if the Corporation considers that such price does not reflect the fair market value thereof, it may substitute such figure as in its opinion represents the fair market value".
4. Deletion in the Valuation Regulations Subparagraph D, F (a), F (b) and F (c) of the terms "close of business" and replacement by the words "time of valuation".

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares by US persons or of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may attend and vote at the meeting or may appoint a proxy to attend and vote. Such proxy need not be a shareholder of the Fund.

Resolutions on the agenda of the Adjourned General Meeting will be adopted if voted by two thirds (2/3) of the shares present or represented.

This meeting is an adjournment of the Extraordinary General Meeting held at the registered office of the Corporation on February 15, 1995 due to a lack of quorum as only 310,000 shares were present or represented out of 715,634.07 outstanding shares as at the close of business on February 14, 1995.

On behalf of the Board of Directors

Fidelity Investments

WHERE TO MAKE PROFITS?

Where to make profits?

In Rhône-Alpes. A region of France with a population of over five million, the gateway to Germany, Italy, Switzerland and Spain. A truly record-breaking region, host to the 1992 Winter Olympics and site of the Mont Blanc, Europe's highest peak.

Lyons, the region's cosmopolitan city, and a dense network of dynamic towns (Grenoble, Saint Etienne, Valence, Annecy, Privas, Chambéry etc.) make Rhône-Alpes an ideal centre for trade and communication. 180 million Europeans can be reached in one day by truck and the capitals of Europe are only two hours away by plane. Conveniently located in the heart of the TGV high speed train network, this centre of excellence with more than 20,000 researchers is less than two hours away from Paris.

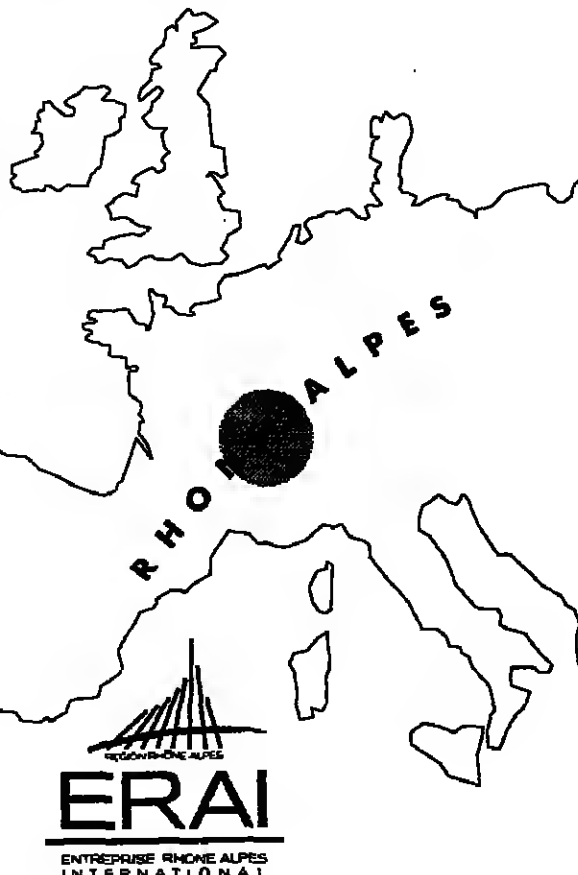
If your company is as dynamic as our region, then you have every reason to be successful in Rhône-Alpes. To find out more, contact:

Where to be successful?

In Rhône-Alpes. The birthplace of such well-known names as BSN, Rhône Poulenc, Salomon, Rossignol, the Mérieux Institute, Cap Gemini Societ and Boiron, Rhône-Alpes is now home to thriving companies like Hewlett Packard, Ikea, ICI and Ciba Geigy.

Where to enjoy life?

In Rhône-Alpes. In the heart of the Rhône Valley not far from Provence. The greatest concentration of ski runs in the world. Gourmet cuisine made famous by such names as Bocuse, Troisgros and Chapel. Rhône-Alpes: the place to mix business and pleasure.



ERAI immeuble La Combe - 78, route de Paris - 69260 Charbonnières (France) - Tél : (33) 78 34 83 48 - Fax : (33) 78 34 59 85

TECHNOLOGY

Electronic petty cash

Peter Wise looks at a rechargeable card which the Portuguese are using to make small payments



Casheers coffee: Portugal's electronic purse is both universal and rechargeable

Portugal, not eminent as a technological pioneer since the development of the astrolabe in the 15th century, has laid claim to introducing the world's most advanced "electronic purse" system.

The electronic purse is a plastic card embedded with a computer chip that replaces the need for cash when making small payments anywhere from a taxi cab to a flower stall without requiring a link to a central computer network.

Portugal's innovation is not in developing the individual components but in applying the technology in a national system of electronic payment that integrates "smart card" purses with the existing network for direct debit and credit cards.

Small retailers, from newspaper kiosks to coffee bars, are equipping themselves with portable terminals about the size and weight of a telephone handset for accepting payments made with Portugal's Multibanco Electronic Purse (Mep) cards.

Public telephones as well as automatic vending and ticket-issuing machines are also being adapted so that the Mep system can be used for a wide range of automated payments from car washes to public transport and postage stamps.

Most of Portugal's 35,000 electronic point-of-sale (Epos) terminals, already used by bigger outlets for debit and credit card payments, are to be converted or replaced to accept electronic purse payments as well.

Mep cards can be recharged indefinitely - currently up to a maximum of £540,000 (approximately £185) - from the holder's bank account through any of Portugal's 3,500 hole-in-the-wall automatic teller machines (ATMs).

Service providers, when their terminals are not linked to the central computer network, transfer takings to their accounts through the ATM system using high-security retailer

cards. More than 500,000 Mep payment cards are expected to be issued this year following the launch of the system in February.

Smart cards equipped with a microprocessor are not new. France, pioneer of the technology that provides greater power for storing and handling information than the magnetic-stripe cards issued in most countries, has 21m of them in use.

But France uses them mainly for traditional direct debit and credit card payments and only as electronic purses in small, closed systems such as local transport networks. Finland and Denmark have also recently introduced electronic purse cards.

But all these purse systems use disposable cards that simply "burn" units as purchases are made. Like telephone cards, they have to be thrown away and replaced when their total value has been spent.

Portugal is the first country to

introduce an electronic purse that is both universal - a card issued by any bank can be used to pay for any service anywhere - and permanently rechargeable through any ATM. It leads the field in replacing small change with plastic because of an important option made when the country, a late starter, began introducing electronic payment in 1983.

Banks in most countries had opted for relatively self-contained systems that make available a variety of operations at their own ATMs but little more than cash withdrawal at ATMs belonging to other banks. Portuguese banks resolved to pool resources and produce an electronic payments highway that makes all the services of any bank available at any ATM.

They created a company called Sociedade Interbancaria de Servicos (Sibs), today owned by 11 banks, to provide a shared network. Individual banks market their own cards, ATMs and Epos terminals, but share the same centralised information network and clearing system.

This enables all Multibanco system ATMs to provide 26 sophisticated services from booking train tickets and paying utility bills to playing with investment portfolios and interbank transfers. The next service planned is tax payment.

with the Felix the Cat character when he was a child, watching the Felix the Cat in the early 1960s. This gave him the inspiration to produce a software program that could allow children to create their own animation.

"There are too many programs out there that don't utilise the most productive computer around - the brain. Let's give children tools that encourage their creativity," says

Myrick. The Cartoon Toolbox could eventually teach children to tackle more sophisticated multimedia creations, as the title teaches basic multimedia authoring skills.

Children start by choosing from a selection of backgrounds. They can then place Felix and other characters in the scene, specifying what kinds of animation they should perform and in which

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

Felix on CD-Rom

Children can create their own cartoons featuring the 'wonderful wonderful' cat, writes Tom Foremski

month in the US, will be linked to worldwide marketing associate with the forthcoming Disney film *Felix the Cat* and a Felix cartoon series for TV that will be shown in the US later this autumn. The company plans future Cartoon Toolbox titles featuring different animated characters.

Jim Myrick, Big Top co-founder and vice president of marketing, says he first became fascinated

with the Felix the Cat character when he was a child, watching the Felix the Cat in the early 1960s. This gave him the inspiration to produce a software program that could allow children to create their own animation.

"There are too many programs out there that don't utilise the most productive computer around - the brain. Let's give children tools that encourage their creativity," says

Myrick. The Cartoon Toolbox could eventually teach children to tackle more sophisticated multimedia creations, as the title teaches basic multimedia authoring skills.

Children start by choosing from a selection of backgrounds. They can then place Felix and other characters in the scene, specifying what kinds of animation they should perform and in which

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon - designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1930s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at \$54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

Technically Speaking

Taste for S Korea's industrial culture

By Denis Noble

Visiting South Korea today it is difficult to imagine that the country was ruined and destitute 40 years ago. Only the short stature of the over-40s remains as vivid evidence that when these people were young even rice was in scant supply.

Today, overflowing restaurants perfume the crowded streets with their inviting and unique cuisine. The country now ranks 12th in terms of world trade.

What explains this extraordinary economic turnaround? I have no doubt about the answer. It lies in the way in which the mastery of the physical world through science and technology permeates Korean culture.

As you would expect from something that is deep inside a culture, it also found expression in previous centuries. The printing of books was invented as early as 1232. Iron-clad "turtle" ships were built in the 1590s, centuries before metal ships were built in the west. There should be no surprise, therefore, that shipbuilding flourishes in modern Korea.

What is the policy on industry and on investment in research and development that makes all this possible?

Although clearly capitalist, Korea is also an example of a command economy that has worked. Successive five-year development plans have been the engine for close co-operation between government and industry. The current plan aims to increase R&D investment from around 2 per cent to between 3 and 4 per cent of gross national product, which would even surpass the investment levels in Germany and Japan.

A large part of Korea's additional spending on R&D will come from industry, though the government has also pledged to increase its investment by 20 per cent annually. Should others fear these developments or seize upon them as providing valuable new opportunities? There is every argument for seeing new, challenging and very rewarding opportunities.

● The English-speaking world has a natural advantage when it comes to language. English is now taught even at primary school level in Korea. The demand for English high school and university places has therefore grown.

● In turn, Korea is keen to see its own culture appreciated elsewhere. Through funding bodies like the Korea Foundation and the Korea Research Foundation, it is actively supporting the development of Korean Studies and language training abroad, and the exchange of scholars with foreign countries. These need industrialists, financiers, scientists and engineers who can deal with their Korean counterparts effectively.

● In science and technology, the UK, for instance, has a golden opportunity. It is perceived by the Koreans as excelling in the creative aspects of science. Through developments such as the Highly Advanced Nation project, Korea is looking for fruitful collaboration with foreign scientists.

● In industry, the west could emulate the confidence that leads Korea industry to make investment in R&D such a high priority. And western countries could build further on effective partnerships with Korean companies, particularly where their strengths complement those of Korea.

A UK government committee of which I am a member is publishing a detailed report tomorrow on the possibilities for collaboration with Korea in science, technology and industry. It is a practical document full of proposals for concrete action. UK scientists, industrialists and financiers should study its recommendations carefully and see how many could be implemented.

Most important is to emulate Korean enthusiasm for things technical and the confidence in the future that brings. East Asian countries have succeeded in part through absorbing and adapting much that is good in western culture. The west has everything to gain from seeing whether it can, in turn, learn from their culture.

The author is professor of physiology at Oxford University. He has collaborated with Korean scientists for 15 years.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Partner/Investor wanted for Antique Centre

Antique Centre consultant now has opportunity to acquire 21 year lease on site in South West England. 50 Shop indoor antique trade centre envisaged. Would welcome partner/investor with capital.

Write to Box No. 83871, Financial Times, One Southwark Bridge, London SE1 9HL

MINIMUM £1,000,000

We are Corporate Finance Consultants, established in 1974. With a major UK Institution, we will consider quality Financing Proposals in the UK and Internationally. Principals only should write to: James S. Maude & Company, 75-77 Moscow Road, London W2 4XW. Fax: 0171 221 1196

OFFSHORE COMPANIES BY LAWYERS

IMMIGRATION & TRUST EXPERTS

OFFSHORE TRUSTS, COMPANIES, BANK INTRODUCTIONS, NOMINEES & ADMINISTRATION BY UK LAWYERS

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

SPECIAL OFFERS: £1,000.00

PUBLIC SECTOR ADMINISTRATION - REPRESENTATION REQUIRED

We are a SPECIALIST SOFTWARE HOUSE presently marketing a unique package to use Department within the PUBLIC SECTOR.

We are seeking a professional with contacts at the highest level within &/or presently marketing to the Public Sector to accelerate our growth.

CV please to Box 83869, Financial Times, One Southwark Bridge, London SE1 9HL

INTERNATIONAL FUND

NEEDS INVESTMENT BANKERS

to deal with high net worth individuals, banks, insurance co. and funds.

Excellent compensation and benefits. Must have 10 yrs experience. Fax resume New York 212-758-8137

Write in full confidence to Box B3648, Financial Times, One Southwark Bridge, London SE1 9HL

Mature successful persons required by fully licensed City company, on a shared commission basis. If you can produce trading/corporate fund management business.

Write in full confidence to Box B3648, Financial Times, One Southwark Bridge, London SE1 9HL

Save 50% On International Phone Calls

USA early 24p per min

Australia 40p per min

Ask about our low rates to other countries!

Ekalback

Call: 0800-96-4016

Fax: 0800-96-4016

Call USA: 1-206-216-6161

Fax USA: 1-206-216-6262

119 2nd Ave 10, Seattle WA 98101 USA

JERSEY CHANNEL ISLANDS

Wide range of off-shore services incl. the establishment, management and administration of Jersey and other offshore companies and trusts.

Please contact Clive Griffin BSC, ACA at Ashbury Management Services Ltd, 11 Ball Street, St Helier, Jersey JE2 4ST, CJ

Tel: 0534 917033 Fax: 0534 507936

INCORPORATE \$99 IN DELAWARE

By phone in 5 minutes

Free name reservation

Serving business for over 15 years

Registered Agents, Ltd.

302-421-5753

OFFICE EQUIPMENT

BUSINESSES FOR SALE

BUSINESS OPPORTUNITY

Sale of Building Maintenance Operation



The business and assets of the Scottish Homes Building Division are being offered for sale by private tender. A significant player in the Scottish public sector housing market, Building Division presently offers a wide range of planned and reactive maintenance services to its customer base.

A recent survey indicated there were 2 million houses with a total estimated maintenance expenditure of £2.4 billion. On sale, Building Division will have the opportunity to compete for work in this market place.

Currently operating as an autonomous division within Scottish Homes, the purchaser has an opportunity to acquire a business which has:

- a history of profitable trading with turnover currently around £18 million and a committed workload projected to 1999.
- an established infrastructure across central Scotland including head office, eleven maintenance depots and a plant and transport depot.
- a management team and workforce presently of around 500 with significant experience in all aspects of housing maintenance.

Scottish Homes has set a tight timetable for the sale process, details of which and further information can be obtained if you write to Duncan McGhie at Coopers & Lybrand, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH.

BILLINGSHURST GARAGE LIMITED

The Joint Administrative Receivers offer for sale on a going concern basis the business and assets of a West Sussex motor dealership.

- Currently a Suzuki and Subaru main dealer
- Freehold property 18,000 sq ft and extensive forecourt
- Planning permission for mixed use
- Modern fully equipped servicing, aftersales and showroom areas
- 4x4 niche market in rural territory on A29, Billingshurst
- Substantial second-hand car sales operation

For further information please contact Vivian Baird or Nigel Ruddock

ROBSON RHODES RSM

The Galleria, Station Road, Crawley, West Sussex RH10 1HY

Tel: 0171 665 2580 Fax: 01293 537921

Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales

DUE TO RETIREMENT JOINERY COMPANY AVAILABLE FOR PURCHASE IN WEST MIDLANDS

- Excellent modern large joinery shop with scope to expand.
- Computerised design and drawing facilities.
- Experienced management and good skilled loyal work force.
- Turnover circa £5 million.
- Modern factory premises available for sale or to let.

For details please write to R3678, Financial Times, One Southwark Bridge, London SE1 9HL

Cash Register and EPOS Systems Installation and Maintenance Group

South East based established owner-managed group with strong customer base, turnover £7.5 million per annum and consistent profitability. Offers invited.

Write to: Box B3646, Financial Times, One Southwark Bridge, London, SE1 9HL

BUSINESS FOR SALE

Consistently profitable, well established company based in West Midlands - readily relocatable. Electrical component supplier to broad base of customers and industries.

Genuine reason for sale - owners retiring.

Owner directors seek £350k for outright purchase of company.

Further details M. Atkinson FCA, 9 Stafford Street, Birmingham, B1 1JH

CHRISTIE & CO

SURVEYORS, VALUERS & AGENTS

WILTSHIRE

COUNTRY HOUSE HOTEL

Luxury 4 Star Conference/Leisure Hotel. 32 Letting bedrooms, restaurant, private dining room. Shaftesbury and Somerset Conference Rooms. Dining room, library. Leisure facilities include indoor and outdoor swimming pools and tennis courts. About 27 acres including river frontage. Turnover year end December 1994 £1,132,503 exc. VAT.

FREEHOLD - PRICE ON APPLICATION

Contact Simon Hughes Ref: 34/8887/FT

BRISTOL OFFICE 0117 974 4566

SPECIALIST ENGINEERING COMPANY FOR SALE

Turnover One Million pounds

Engaged in specialist turning work to wide range of electronic OEM's on modern CNC equipment.

BASED NEAR GLASGOW. Company is profitable (c. 15% net profit) also producing a Brand Product which accounts for approx. 25% of turnover.

Principals only to J.F.T. LAW & COMPANY LIMITED, P.O. BOX 1, Ombresley, Nr. Droitwich, Worcs, WR9 0LN. Tel: 01905 621212 Fax: 01905 620206

FOR SALE

Series of established (6 years) U.K. travel guides.

GP in excess of 80%. Offers over £500,000.

Write to: Box B3644, Financial Times, One Southwark Bridge, London SE1 9HL

FAST-EXPANDING NEWSLETTER FOR SALE

EDUCATIONAL MARKET.

Write to: Box B3673, Financial Times, One Southwark Bridge, London SE1 9HL

FLORIDA BUSINESS FOR SALE

20,000 sq. ft. Established Health & Fitness Club in fast growing affluent Gulf coast location. Price \$495k.

Principals only please write to Box B3601, Financial Times, One Southwark Bridge, London SE1 9HL

OPPORTUNITY SPANISH ENVIRONMENTAL / WASTE MANAGEMENT SERVICES COMPANY FOR SALE

HIGHEST OFFICIAL QUALIFICATION MR. HERNANDEZ 34-1 4139611

FOR SALE

Property Management Business

North London

Turnover £360,000

Profit Before Tax £150,000

Write to: Stephens Paul Chartered Accountants 15 New Bridge Street London EC4V 6AU

A UNIQUE OPPORTUNITY

to acquire one of the country's leading manufacturers of fine reproduction antique furniture.

Turnover £800,000. Highly profitable. Home Counties.

Write to: Box B3672, Financial Times, One Southwark Bridge, London SE1 9HL

Business Marketplace

The Comprehensive International Business Opportunity Magazine

Businesses For Sale, Businesses Wanted, Finance Needed, Auctions, Tenders, Investment Properties, Agents Wanted and Much More.

To ADVERTISE OR SUBSCRIBE CALL Tel: 01753 891000 Fax: 01753 890342

JEWELLERY BUSINESS FOR SALE

14 retail shops generating turnover of £4.4m

Profit over £1m

All properties in prime High Street or Shopping Centre locations

Fully installed alarm systems, CCTV, safes and fixtures and fittings

Stock to be included (Gold, Watches and Silver)

Buyer must have a good command in order to assign leases

Please reply to Box B3645, Financial Times, One Southwark Bridge, London SE1 9HL

SELLERS AND BUYERS

Contact in confidence DIVERCO LTD. 4 Bank Street, Worcester WR1 2EW Tel: 01905 22303

DIVERCO Sell Companies Nationwide

RESTAURANT FOR SALE 3M FF. Excellent location in Paris. Tel/Fax 480 08271 or Tel: 405 08272

GREEK EXPORTS S.A.

(Special Liquidator of ELVIK S.A. as per Decision No.937/1992 of the Larissa Court of Appeal)

DENATIONALISATION

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF HELLENIC MEAT INDUSTRY (ELVIK) S.A. NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its capacity as special liquidator of ELVIK S.A. (in accordance with Decision No.937/1992 of the Larissa Court of Appeal, by which ELVIK S.A. has been placed under special liquidation) and within the framework of article 46a of Law 1892/90, as supplemented by article 14 of Law 2004/91 and complemented by article 53 of Law 2224/94 and in accordance with the written instructions (Ref. No. 339/95) of the creditor as per para.1 of the above article.

INVITES

Interested buyers to express their interest in purchasing the total assets of ELVIK S.A. now under special liquidation, by submitting a non-binding, written expression of interest within twenty (20) days from today.

ELVIK S.A. was founded in Athens in 1968 and established a meat producing and processing plant in the area of the Megala Kalyvia community in the prefecture of Thessaloniki. From the very first years of operation, the company was beset by financial problems and from 1973 to 1976 had been placed under liquidation.

From 1976 onward the company was restructured and with the share distribution described below, has been functioning to the present day, established in the community of Megala Kalyvia in the prefecture of Thessaloniki.

The shareholders in ELVIK S.A. and their share participation are as follows: a) Agricultural Bank of Greece - 53.33%, b) Hellenic Industrial Development Bank (SIDRA) - 33.33% and c) Union of Agricultural Cooperatives - 33.33%.

ELVIK S.A. is a vertical industrial unit producing and processing meat, situated on a plot of land 819 arenes in area (1 acre = 4 stremmas). The installations include 1) a pig breeding and fattening unit, 2) an on-farm unit, 3) an animal feed production unit, 4) a slaughterhouse, 5) a sausage-making unit, etc.

OTHER DATA ON THE AUCTION FOR THE HIGHEST BIDDER

Interested parties should submit a written, non-binding expression of interest within twenty (20) calendar days from the date of publication of the present invitation.

Prospective buyers, on providing a written undertaking of confidentiality, may receive the offering memorandum from the offices of the liquidating company. They shall also have access to any other information they may seek and may visit the premises of the company under liquidation.

The offering memorandum will describe in detail the total assets of the company for sale and will contain every useful information for the prospective buyer. The announcement of the public auction for the highest bidder will be published within the prescribed time limits and in the same newspapers.

For any further details or information please apply to: GREEK EXPORTS S.A., 17 Panepistimiou Street, (1st floor), Athens, Greece Tel: +30-1-324.3111 Fax: +30-1-323.9185

FOR SALE

Two Important Publishing Titles Regarding WILL TO CHARITY LIMITED (IN LIQUIDATION)

1. Charities by Counties and Regions
2. The Charities Story Book

For details contact the liquidator at Langley and Partners, Langley House, Park Road, East Finchley, London N2 8EX. Tel: 0181 444 2000 Fax: 0181 444 3400

FOR SALE

Small M/O BUSINESS IN SOUTH FOR SALE

with good quality mailing list, plus direct selling opportunities.

Product range for home and the outdoors.

Turnover 150k+

Write to: Box B3673, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Property Management Business

North London

Turnover £360,000

Profit Before Tax £150,000

Write to: Stephens Paul Chartered Accountants 15 New Bridge Street London EC4V 6AU

FOR SALE

20,000 sq. ft. Established Health & Fitness Club in fast growing affluent Gulf coast location. Price \$495k.

Principals only please write to Box B3601, Financial Times, One Southwark Bridge, London SE1 9HL

OPPORTUNITY SPANISH ENVIRONMENTAL / WASTE MANAGEMENT SERVICES COMPANY FOR SALE

HIGHEST OFFICIAL QUALIFICATION MR. HERNANDEZ 34-1 4139611

(In Administrative Receivership)

The Joint Administrative Receivers, Len Gatoff and Ian Brown, offer for sale the business and assets of the above company.

- The company's business is the supply of fresh and ready prepared fruit and vegetable produce.
- The company has a workforce of 53 employees.
- The company operates from a 20,000 sq. ft. leasehold property in Tyneside.
- The company's customer list comprises a portfolio of prestigious clients and local authorities.
- Approximate annual turnover of £6 million.

For further information please contact either W. Paxton or K. D. Carr at Touche Ross & Co., Central Exchange Buildings, 93a Grey Street, Newcastle upon Tyne NE1 6EA. Tel: 0191 261 4111. Fax: 0191 232 7665.



Coopers & Lybrand

BUILDERS MERCHANTS

Young & Marten Limited

The Joint Administrative Receivers, N J Vought and T R Harris, offer for sale the business and assets of this long established builders merchants.

Principal features of the business include:

- annual turnover of \$8.5m
- four trading sites in South East (3 Freehold)
- established for over 120 years
- loyal customer base
- experienced staff
- specialist contract kitchen department.

For further information, please contact the Joint Administrative Receivers of Coopers & Lybrand, Hillgate House, 28 Old Bailey, London EC4M 7PL. Telephone: (0171) 212 6214. Fax: (0171) 212 8000.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Press Mouldings Limited and Satellite Extrusions Limited

The Joint Administrative Receivers Peter Copp and Geoffrey Kilian offer for sale the business and assets of the above companies involved in the moulding and manufacture of plastics.

- Freehold and leasehold premises in Soham, Cambs.
- Manufacturing capacity of 5,000 tonnes per annum on three extrusion machines
- Product lines used in the motor trade and civil engineering industries
- Established customer base and order book
- The opportunity to exploit new product lines
- Skilled workforce
- 1993 turnover £1.4m. 9 months to September 1994 £.9m

For further information please contact Peter Copp or Geoffrey Kilian, (tel: 77DAS), Tel: 0171-486 5888. Fax: 0171-935 3944.



IBDO Story Hayward Corporate Recovery and Insolvency

8 Baker Street, London W1M 1DA

Systems Reliability Computer Services Limited

(In administrative receivership)

The Joint Administrative Receivers offer for sale the business and assets of an independent provider of computer maintenance services with the following key features:

- Maintenance contracts with an annual value of £10m.
- 550 contracts covering both retail and commercial customers.
- Based in Luton.
- National coverage from 15 regional depots.

Interested parties should telephone: Steve Hancock or Tom Crossland of Price Waterhouse, St Albans. Tel: 01727 844155. Fax: 01727 845039.

Price Waterhouse

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

ON INSTRUCTIONS OF THE JOINT ADMINISTRATIVE RECEIVERS

BRIAN MILLS AND SIMON PATTERSON OF BOOTH WHITE

A chain of four operating businesses in Mid-Kent trading as vehicle maintenance workshops, M.O.T. Testing Stations with Petrol Sales.

Faversham - Freehold Petrol Station (1.8m litres p.a.) with Workshops.

Maidstone - 2 separate Workshops, Body Shop and MOT Stations

West Malling - MOT and Workshop

FOR SALE

Apply to: B.S. & S.R.K.

BOOTH WHITE

40 Lark Street, Maidstone, Kent ME14 4DT

Tel: 01854 827008 Fax: 01854 827007

Rapidly growing and profitable Group engaged in

MANUFACTURE of ENVELOPES and MARKETING of ENVELOPES and PAPER

seeks SALE to/MERGER with larger Group

Turnover £25m per annum

Write: Chairman, Landerdale, The Common, Berkhams, Herts HP4 2QB

BUSINESS AND THE LAW

Guidelines meet a cold front

The UK is unlikely to be alone in its hostility to the US administration's antitrust proposals, says Robert Rice

The draft US guidelines on applying its antitrust laws to anti-competitive practices outside the United States published last October have met with a frosty response from the British government.

Last year the US passed the International Antitrust Enforcement Assistance Act, which aims to promote international agreements that facilitate US antitrust investigations abroad. But the UK government's view is that the aggressive approach to the assertion of US antitrust jurisdiction abroad may only undermine efforts to foster international co-operation.

Friction between the US and its trading partners over the extraterritorial application of US regulatory laws is nothing new. And in spite of previous administrations' international antitrust guidelines and several attempts by the US Supreme Court to clarify the issue, uncertainty remains over the long arm of US regulatory laws.

The US's trading partners therefore had high hopes for the new guidelines. However, when after considerable delay they were eventually published, it was apparent these hopes were going to be dashed.

Britain's response begins by reiterating that both countries have a shared interest in ensuring fair and open competition in international business, but goes on to say that the guidelines nevertheless show that significant differences remain between the scope of their antitrust laws. Those differences include both the principles on which the laws are based and the approach to their enforcement.

The UK's response expresses con-

cern that the guidelines give an impression of increasing willingness by the US Justice Department and the Federal Trade Commission to take unilateral action in international cases. This is all the more worrying when co-operation in enforcing antitrust laws is supposed to be on the increase. It warns there is a risk that this approach by the US "could lead to jurisdictional conflicts which would hinder effective co-operation and enforcement to the benefit of neither party".

In support of their claims for the widest possible US jurisdiction, US authorities say there is growing recognition of its approach, which is governed by the so-called "effects doctrine". Under this doctrine, first postulated by the US Supreme Court in the 1945 *Alcoa* case, any conduct having a direct, substantial and reasonably foreseeable effect on US commerce is deemed to be subject to US jurisdiction.

The US authorities cite in the guidelines European competition laws as requiring that anti-competitive conduct under investigation should "affect trade between member states".

Britain disputes this. It says the European Court of Justice has made clear that there is a legitimate jurisdictional claim under European law

only where the anti-competitive conduct in question was "implemented" within the community.

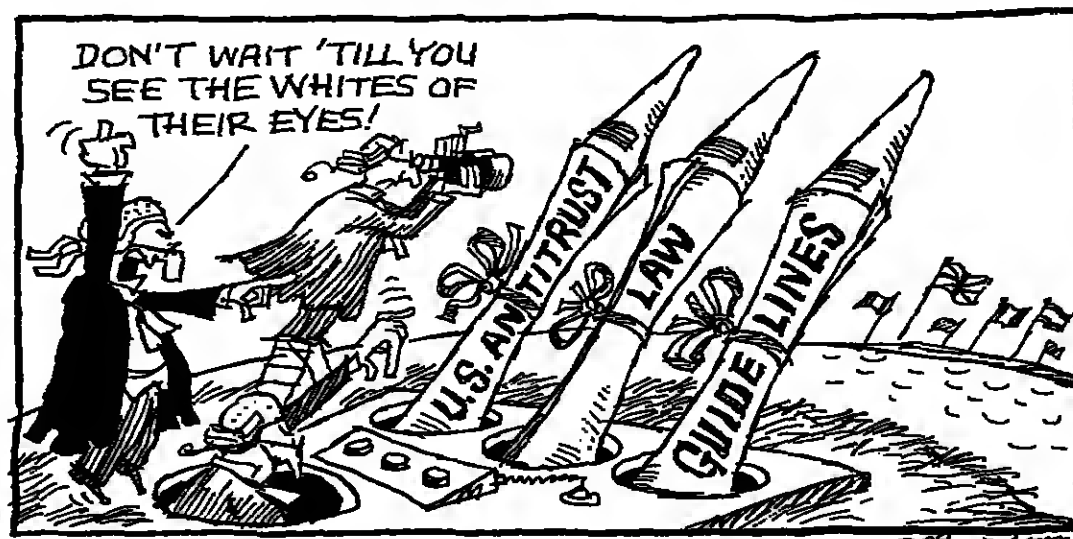
It is only under the US interpretation of the effects doctrine that commercial actions not implemented within US territory are nevertheless regarded as falling within US jurisdiction, the UK says.

Britain is also worried by the assertion of jurisdiction by the US authorities over anti-competitive conduct that restricts US export opportunities, such as agreements between foreign companies to adopt technical standards incompatible with those covering US goods.

Britain remarks: "Such jurisdictional claims show US antitrust law being used as an instrument of trade policy to open markets perceived as closed to US exporters. The UK government regards this as an objectionable and inappropriate use of antitrust powers."

On enforcement, the British government welcomes the statement that the US authorities will take principles of international comity into account. Under these, US law would not be applied extraterritorially to foreign conduct if the balance of foreign interests in exercising jurisdiction outweighed those of the US.

But the UK is concerned that the



guidelines have introduced the effectiveness of foreign enforcement as a factor when considering under comity principles whether the US should yield jurisdiction.

Britain says this shows that the US will be increasingly prepared to consider unilateral action on the basis of whether foreign governments are prepared to take action or if it perceives that the remedies available in a particular jurisdiction are inadequate.

The UK objects to that because it does not give appropriate recognition in cases falling principally

within the jurisdiction of foreign governments to the law and policy of those governments which may include a decision not to pursue a particular case. In particular the UK government would object to unilateral action by the US solely on the basis of whether foreign governments are prepared to take action or if it perceives that the remedies available in a particular jurisdiction are inadequate.

The UK concludes by saying that if the US maintains this approach it is likely to lead to confrontation with other states. It could also lead to use of "blocking statutes" which

prevent such things as the disclosure of documents or information for use in US proceedings.

The UK says the invocation of blocking legislation by a foreign government would be an important indication of concern and should be regarded as decisive when the US is deciding whether foreign interests in exercising jurisdiction outweigh its own interests.

Britain is unlikely to be alone in its hostile response, and lawyers believe that in the absence of concessions, confrontation rather than co-operation seems the more likely.

Meanwhile international business is no more certain where it stands over the extraterritorial application of US antitrust laws.

However, companies active in the international markets tempted to discount the risk of running foul of US antitrust laws abroad should heed the case of *Eskofot v Du Pont*, reported in *Financial Times Business Law Europe*.

On January 6 this year, a federal judge in New York ruled that *Eskofot*, a Danish company doing business in the UK, could sue Du Pont UK in New York under US antitrust laws for alleged anti-competitive conduct in the UK on the basis that it prevented *Eskofot* exporting goods to the US.

The court said that *Eskofot* need not show a direct, substantial and reasonably foreseeable impact on US commerce as required by the effects doctrine. The judge added that "any anti-competitive effect" on US commerce was sufficient to establish US jurisdiction where exports to the US were involved.

The court rejected the notion that international comity should require deference to the English court, where *Eskofot* had earlier sued Du Pont under EU competition rules. The US judge said the English action would not concern US antitrust law or the effects of the defendant's conduct in the US.

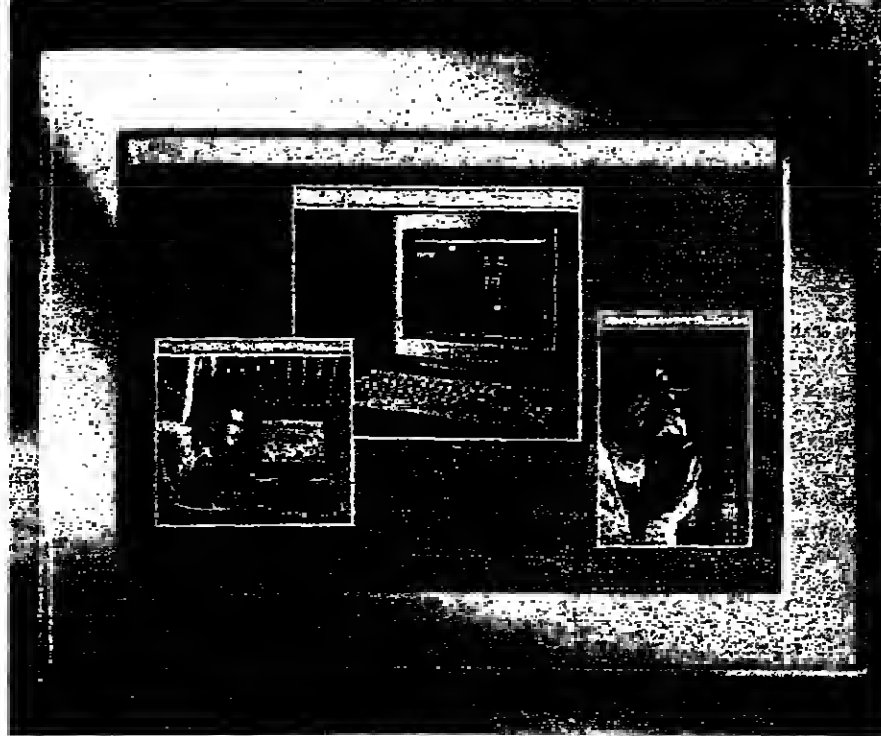
Business Law Europe notes that Du Pont UK conducts no business in the US, has no office, employees, bank accounts, books or records there and is not even licensed to do business in the US. The case is a dramatic illustration of the alacrity with which US courts will apply US antitrust laws abroad given half a chance.

SIEMENS
NIXDORF

»Play it again, Sam«

At CeBIT 95, SAM, the Siemens Nixdorf Electronic Animator, shows you, in virtual dialogue, the latest new and exciting developments from Siemens Nixdorf.

And there's plenty to choose from – not only systems and solutions to support companies from all sectors in their business reengineering but also lean management projects to improve their business processes. At CeBIT, you can also get all the latest information on the new corporate culture behind Siemens Nixdorf's range of systems and services – in dialogue with SAM. Not only will he explain everything to you, but with his information-packed multimedia program you'll see the action in Siemens Nixdorf hi-tech production departments, and attend video conferences with Siemens Nixdorf specialists to advise you on everything from hardware or software strategies through to migration paths. And where is SAM playing? At CeBIT, in Hall 1.

More Siemens Nixdorf News at CeBIT:
Solutions Stand 5c2/5f1, Hall 1

- Intelligent industry solutions
- Innovative solutions for corporate communications, networking, multimedia and self service
- New IT-Service solutions

Product and Supplier Stand 6a2/6b1, Hall 1

- Powerful systems for enterprise computing, from Windows NT and UNIX through to BS2000
- Strategic software suppliers
- Solutions suppliers for medium-sized businesses

PC Stand F 62; G58, Hall 11

- High-power PCs, from notebooks to high end

Siemens Nixdorf is also well represented elsewhere at CeBIT, away from these main exhibition stands. See the special presentation "Opportunities 2000 – computers and the environment" in Hall 15, for example. Look out for SCENIC, the first PC with the blue angel for environmentally friendly products, and the new high-performance printers, at Stand 7h12 in Hall 1. Siemens Nixdorf is also on the spot in the European "State and Municipality" User Center in Hall 6 on the upper floor, with model solutions for Government and local authority offices. Here, and throughout CeBIT, Siemens Nixdorf gives you its word:

We will make it happen

CP 11/150

ARTS

From page to stage

Writer-director relationships are not always marriages made in heaven.
Sarah Hemming reports

It is almost a century since *The Seagull* had its first production. Hopelessly out of tune with the playwright's intentions, it was jeered and booed and Chekhov vowed to abandon theatre forever. "If I live 700 years, I will never give a theatre another play," he told a friend. Two years later Stanislavski restaged the play, it was a huge success, and one of the theatre world's most famous working partnerships began - not exactly a serene relationship, but certainly a fruitful one. And Chekhov continued to write plays.

The writer-director relationship is the most crucial in the fragile business of making theatre. A bad director can maul a good play; a good director can transform a bad one; and a long-term working partnership can foster a mutual trust that brings out the best in both partners. But the way they work together is usually a well-kept secret.

The playwright Richard Nelson and director David Jones, who have worked together for 15 years, decided to wrench open the rehearsal room doors and come clean about how they do it. Their book *Making Plays* delves with alarming honesty into every detail of the relationship as the play proceeds from page to stage. It is full of anecdotes and liberally sprinkled with examples of creative friction in rehearsals - most memorably John Dexter goading Arnold Wesker: "Shut up, Arnold, or I'll direct the play as you wrote it."

"It's such an intense relationship that it can explode at any time," says Richard Nelson. "David and I have evolved an understanding and a way of pushing each other. We have a good history and that gives the work a depth."

Richard Eyre, artistic director of the National Theatre, is in no doubt that his long association with David Hare has helped him to keep a



Director Richard Eyre with playwright David Hare: each production has to mark a new beginning

(most recently *Broken Glass* and *A View from The Bridge*), recalls puzzling over the tone of the phrase "don't bother" in *The Fire*. "You could interpret those two words very differently - cynically, or generously. I can imagine the director and actors arguing for weeks about this. But Arthur cleared it up for us instantly. He said, 'It has to be positive.' It changed the whole meaning of the play."

A pre-nuptial agreement about how rehearsals will be run can be useful, however. Conflicting advice is confusing for actors, and authors holding their heads in their hands, muttering and scribbling feverish notes do not foster confidence.

In Richard Nelson's view, it is up to the writer to prevent conflict. "You should work hand in glove with the director. If a writer starts to compete that's just trouble down the road. You become one more problem, instead of a problem solver. You have to watch, under-

stand and know when to step in. If things are going swimmingly, there is no need to say anything."

Perhaps the most crucial test of a writer-director partnership, however, is the way the partners deal with the changing priorities of mounting the play. "Around the end of the second week of rehearsals, there is usually a formative moment," says David Hare. "For the first week people tell you what a good play it is, then there is this sticky moment when you find out what they really think."

Technical rehearsals are another flashpoint. "The worst period for the writer is the transition to the theatre," says David Jones. "During technical run-throughs I find it very difficult to talk about ideas. The writer can really feel that he has lost the director, while at the same time he feels very vulnerable because other opinions are starting to come in from outside. Your priorities are so different."

"There is a complete conflict of interests at that point," agrees Richard Eyre. "It's an awful time - I see David slumped in the stalls and there's nothing I can do. It's just an act of faith for about three days."

While strong relationships survive the pressure points, there are some drawbacks to frequent collaboration. Familiarity can breed too much respect. David Hare offers an example of what he terms the "fallibility" of a partnership: "We were all aware that *Murmuring Judges* was the most troublesome play in the trilogy. But I had this conviction that I could hold the audience at the end of one act with a 20 minute naturalistic scene between two actors. Richard didn't think it worked, but he didn't force me to cut it. Then when it went on - it didn't hold the audience's attention. He hadn't pushed me hard enough. That's the only bad thing about a partnership. You can respect and trust the other person too much."

The best writer-director marriages, say Nelson and Jones, are open ones. Nelson points out that periods spent with other partners keep the input fresh: "You come back a little more cocky. That's how you prevent staleness and repetition." And no matter how successful your last collaboration and your long-term partnership, each new production has to mark a new beginning. Hare points out that when he and Eyre walk back into the rehearsal room together next week to begin work on his new play *Skylight*, although they will build on all their past experience, they will also need to leave it at the door. "In some respects Richard has to approach the play as if he'd never directed this writer before."

Making Plays is published by Faber and Faber (£7.99). Richard Nelson gives a Platform talk at the National Theatre on March 10.

Concerts

Boulez in London

When he first came to London Pierre Boulez immediately drew a young crowd. Going to a pair of concerts on successive nights in the 1970s - a Vaughan Williams symphony followed by Boulez conducting Mahler's Sixth - I recall the average age of the audience dropping from pensioner to teenager overnight.

Even now that he is in his 70s, his concerts still draw many young people. The second half of the Boulez 70th birthday series commenced at the Barbican over the weekend, comprising the more concerts of the 20th-century music that the conductor regards as being of central importance. Given Boulez's reputation, one might have expected one or two representative examples of the latest musical trends, but that is not how the series was planned: with one exception - Messiaen's adventurous *Chronochromie* - all the non-Boulez works are accepted classics from before the war.

Ravel has long been a Boulez favourite and the concerts on Thursday and Sunday featured two of his orchestral scores, *Le Tombeau de Couperin* and *Ma Mère l'Oye*. The fastidious sounds conjured by Ravel, a magician of the orchestra, have always appealed to the equally precise Boulez, though these days he allows the music more warmth.

The truth of the matter is probably that Boulez is a better conductor than he was at the beginning, and more prepared to allow some freedom of expression from his players and generosity of feeling from himself. Stravinsky's *Petrushka* in the second programme certainly received a very adult performance - no youthful excesses or flash effects. The London Symphony Orchestra played well for him and there was always something to distinguish this performance well above the average, especially rhythms and textures, freshly observed in almost every bar.

Each of the concerts has a star soloist. On Thursday Kyung-Wha Chung joined Boulez and the LSO for a fine performance of Bartók's Second Violin Concerto. It must be tempting to go out to meet Chung's energetic attack on music like this, but Boulez kept within his own parameters, holding firm on the reins so that the energy did not become frenetic.

Sunday's soloist was to have been Mstislav Rostropovich, but illness forced his replacement at the head of the seven cellos in Boulez's *Messiaen's* by Tim Hugh. This short piece is a mature example of the scientific Boulez also heard in an earlier exploratory phase with *Figures, Doubles, Prisms* on Thursday. Influences are easier to ascertain there, especially the massive building-blocks of Varèse and the expressive twelve-tone themes of Berg. Thirty years ago they will have held up a signpost to where a forward-looking young composer was going, but what is the direction now? With nothing new on the programme we are left to wonder where Boulez believes the future for orchestral music lies.

Richard Fairman

Final concert at the Barbican on Wednesday; then in Paris at the Théâtre des Champs-Élysées March 11-13.

Conlon for Paris Opéra

James Conlon has been appointed chief conductor of the Paris Opéra. Hugues Gall, the Opéra's new director, said the 44-year-old American would take up the post in August 1996. Conlon will have fewer responsibilities than his predecessor, Myung-whun Chung, who was ousted by Gall last September.

When discretion is everything

William Packer reviews 'After Auschwitz' at the Barbican

The epigraph to this exhibition, set up conspicuously at its entrance, is the statement made in 1949 by the philosopher, Theodor Adorno, himself a German and a Jew, that "to write poetry after Auschwitz is barbaric". That very thought, or something close to it, must surely have crossed the mind of anyone sent to who has read anything of the Final Solution. Hard enough for those whose experience of the Nazi persecution was real and direct: for Primo Levi, for example, who wrote of his sense of guilt at the arbitrary chance of his own survival; for Elie Wiesel, another survivor, who asked himself: "How is one to speak of it? How is one not to speak of it?"

For the rest of us, who confront such enormity, at most, only at second-hand, any imaginative intervention, no matter how sincere and well-intentioned, must seem the grossest of impertinences. I wonder what I might have done, had I been similarly moved, or brave enough, to take on the subject. I find myself thinking back to my childhood, to the summers of 1943 and '44 when, as I now know, those trains were running across Europe. "Arbeit Macht Frei". If the work in this exhibition is indeed inadequate and

a failure, then it is an honourable failure. And against that expectation, not all of it is.

As is always the case with art in which there is a point to be made that is extra to the visual nature of the work, discretion is everything. The most successful art allows us to respond in our own way. It is a straight-forward, unbiographical, unselfish, unpretentious.

Kitty Klaidman presents large paintings on paper of a clear attic space, all beams, rafters and skylights, boldly and simply stated - only it is the left she remembers in which she was hidden as a child for the last year of the war, in the farm to which her family escaped in Bratislava. Susanna Pieratzki is a young photographer who apparently offers nothing more than a set of portraits of her parents - wistful and loving, even humorous images. It is only as an afterthought that we learn that both are survivors of the camps. Life goes on.

Henning Langenheim shows photographs of concentration camps, mass graves and execution sites as they are now, razed and manicured, and devastating in their civic mundanity. "My camera did not know what to photograph," he says, "... the grass, the sand, the big

sky?" Mick Rooney shows a group of large imaginative figure compositions on the theme of the threatened Jewish family, and by extension the culture, on the point of disruption and deportation. John Goto, in his photo-montage, quietly elides a photograph of Jews paraded for deportation to Treblinka, and a drawing by an inmate, Karel Fleischman, of new arrivals at the camp, with a "Descent from the Cross" by Rembrandt.

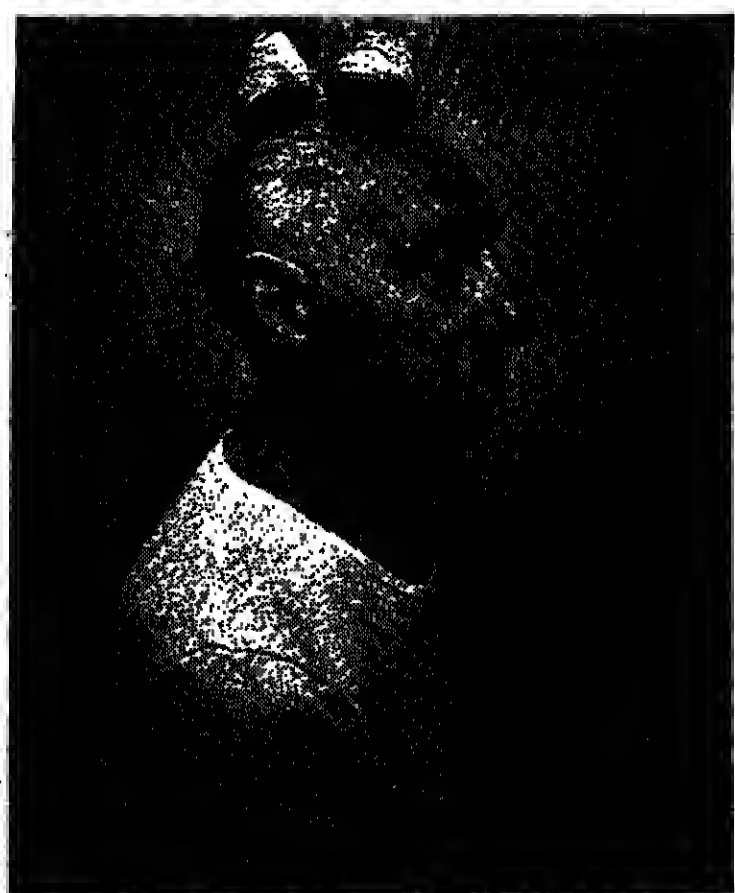
There were theatrical or obvious work, the less successful it tends to be. Fabio Mauri's huge Western or Walling Wall, made out of trunks and suitcases piled to the ceiling, is impressive in itself, but seems a shade too trite and public a demonstration, with the heavy-handed connection it makes to the possessions sorted and heaped at the camps when the trains arrived. And Ellen Rothenberg's installation, *The Combining Shawl*, in reference to the shawl that Anne Frank wore when she combed her hair, is over-elaborate, arch and sentimental for all its manifest earnestness.

She scatters large, crude metal combs at the foot of the long strips of velum that represent the hair,

each inscribed with its text from the Diary. "The installations," she tells us, "contain objects which require an alternative reading to the way history, artifacts and documents are conventionally considered..." By presenting various kinds of documentation, the distinctions between truth and fiction, denial and falsehood, and our assumptions about history become sharply delineated. It won't do. The tragedy of Anne Frank is trivialised by such pretentiousness.

Such are the dangers in so delicate and brave a matter, and failure all too predictable. As a child, Magdalena Abakanowicz suffered directly at Nazi hands, yet she too, with her ranks of empty shells of figures cast ponderously in bronze, makes only the most general point of passive, patient suffering. So it is perhaps too harsh to break Miss Rothenberg's butterfly alone upon the wheel. Here even the failures give us much to ponder.

After Auschwitz responds to the Holocaust in Contemporary Art. Royal Festival Hall, South Bank SE1, until April 17, then on to Manchester, Nottingham, Sunderland and Edinburgh; supported by 23 corporate and individual sponsors.



'Birth', 1991, from Susanna Pieratzki's loving, even humorous, 'Parents Series'; it is only as an afterthought that we learn they are survivors of the camps

INTERNATIONAL ARTS GUIDE

AMSTERDAM

GALLERIES
Tropenmuseum Tel: (020) 568 8200
● Nomads in Central Asia: over a 1,000 objects on loan from the Russian Ethnographic Museum in St. Petersburg. A multitude of exhibits ranging from a traditional herdsman's tent to embroidered clothing; to Jul 20

BERLIN

GALLERIES
Altes Museum Tel: (030) 203550
● Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists that were influenced by him; to Apr 23
BALLET
Deutsche Oper Tel: (030) 341 9249
● Die Zauberflöte: by Mozart. Conducted by Lawrence Foster. Sebastian Lang-Lessing/Stefan Seitz and produced by Günter Krämer; 7pm; Mar 10, 13
● Les Intermittences du Coeur: ballet in two parts by Saint-Saëns. Choreographer, Roland Petit;

7.30pm; Mar 9
● Martha oder Der Markt zu Richmond: by Friedrich von Flotow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 11

FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● Philharmonisches Staatsorchester Halle: with violinist Christian Altenburger. Herbert Beissel conducts Mozart and Beethoven; 8pm; Mar 9

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Opera Gala Night: operatic highlights from the London Symphony Orchestra conducted by Paul Wynn Griffiths. Soloists include soprano Josephine Barstow and tenor Arthur Davies; 8pm; Mar 11
● Pierre Boulez 70th Birthday Celebration: Boulez conducts the London Symphony Orchestra with violinist Anne-Sophie Mutter and soprano Laura Aikin to play Berg, Stravinsky and his own compositions; 7.30pm; Mar 8, 9
● Festival Hall Tel: (0171) 928 8800
● Philharmonia Orchestra: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11
● The London Philharmonic: with oboist Truls Mork and conductor Marius Jansons plays Shostakovich and Bruckner; 7.30pm; Mar 8
GALLERIES
Serpentine Tel: (0171) 402 0343

● Man Ray: exhibition of works by the celebrated artist; to Mar 12
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Madame Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 9, 11
● The Cunning Little Vixen: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 8, 10, 13
● Royal Opera House Tel: (0171) 340 4000
● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 7, 8
● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 11 (7pm)

● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 9, 10
THEATRE
Apollo Shaftesbury Tel: (0171) 494 5070
● In Praise of Love: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Pater Bowles and Lisa Harrow; 8pm; (Not Sun)
● Old Vic Tel: (0171) 928 7616
● Conversations with My Father: by Herb Gardner and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony award for his role; 7.45pm; from Mar 7 (Not Sun)

● Fleisher Plays Ravel: with pianist Leon Fleisher and mezzo-soprano Carmela Jones. Lawrence Foster conducts Steiger, Falla and Ravel's "Piano Concerto in D"; 8pm; Mar 9, 10 (1.30pm), 11, 12 (2.30pm)

NEW YORK

CONCERTS
Avery Fisher Tel: (212) 675 5030
● American Symphony Orchestra: with pianist Robert Taub and soloists Christine Goerke and Marietta Simpson. Leon Botstein conducts Mendelssohn and Szymanowski; 7.30pm; Mar 10
● New York Philharmonic: with baritone Dmitri Hvorostovsky and conductor Valery Gergiev plays an all Russian programme of Mussorgsky and Rimsky-Korsakov; 7.30pm; Mar 7
● New York Philharmonic: Valery Gergiev conducts Ljadov, Berlioz and Tchaikovsky; 8pm; Mar 8, 11
● The London Philharmonic: Frank Welser Möst conducts Shostakovich and Strauss; 8pm; Mar 12
● The London Philharmonic: plays Mozart, Bartók and Tchaikovsky; 8pm; Mar 13
GALLERIES
Guggenheim Tel: (212) 423 3652
● Felix Gonzalez-Torres: a comprehensive survey of the contemporary artist's multi-media art form; to May 10
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Der Rosenkavalier: by Strauss. Produced by Nathaniel Merrill, conducted by James Levine; 7.30pm; Mar 7, 10
● La Bohème: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore;

8pm; Mar 8, 11
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 9, 13
● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco; 8pm; Mar 11 (1.30pm)
THEATRE
Variety Arts Tel: (212) 239 8200
● Death Defying Acts: three one act plays by Woody Allen, David Mamet and Elaine May. Directed by Michael Blakemore and with Linda Lavin, Debra Monk and Paul Guilfoyle; 8pm; (Not Mon)

PARIS
CONCERTS
Champs Élysées Tel: (1) 47 23 37 21/47 20 08 24
● Barbara Hendricks: soprano is joined by pianist Michael Tilson-Thomas to play Mahler, Wolf and Copland; 8pm; Mar 12
● Jennifer Larmore: the mezzo-soprano with the Orchestre Ensemble de Paris. Jonathan Darlington conducts Rossini and Mozart; 8.30pm; Mar 8
● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aikin. Pierre Boulez conducts Berg and Stravinsky; 8.30pm; Mar 11
● London Symphony Orchestra: Pierre Boulez conducts Ravel, Messiaen, Stravinsky and his own "Messiaen"; 8.30pm; Mar 12
OPERA/BALLET
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Magnificat: music by Bach, choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production presented by the

Ballet of the National Opera of Paris; 7.30pm; Mar 9, 10, 11

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4800
● Ballet National de Marseille: choreographer Roland Petit presents his 1991 ballet based on the style of several Charlie Chaplin films; 7.30pm; from Mar 7 to Mar 12
● National Symphony Orchestra: with soprano Jayna West, tenor Joseph Harris and baritone Kevin McMillen. James Paul conducts Hugo Alfvén, Delius and Orff; 8.30pm; Mar 9, 10 (1.30pm), 11
GALLERIES
Corcoran Tel: (202) 638 3211
● Passionate Visions of the American South: Self Taught Artists from 1940 to the Present. Approximately 220 paintings and sculpture by 80 self-taught Southern artists; to May 7
● National Gallery Tel: (202) 737 4215
● The Glory of Venice: exhibition containing works by 18th century Venetian artists; to Apr 23
OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● Tiefland: by Eugen d'Albert. Roman Tarlecky directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 8 (7pm)
THEATRE
Studio Theater Tel: (202) 332 3300
● Rhinoceros: by Ionesco. Joy Zinoman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; from Mar 8 to Apr 9 (Not Mon)

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00

FT Business Morning

10.00

European Money Wheel

Nonstop live coverage until 14.00 of European business and the financial markets

17.30

Financial Times Business Tonight

Midnight

Financial Times Business Tonight

The launch of new sports cars by Fiat of Italy and the UK's Rover Group at the Geneva motor show today is the latest sign of a drive by carmakers to produce more models - in ever-smaller production runs - to win market share.

To the dismay of environmentalists, the unveiling of the Fiat Barchetta and Rover's MGF shows the world sports car market may be about to grow rapidly after more than a decade in the doldrums, despite traffic congestion.

There is now a definite trend away from 'A to B' cars towards a desire for something distinctive," says Mr Greg Allport, Rover's brand manager for MG.

The relatively cheap MGF and Barchetta models, each expected to be produced initially in volumes of between 10,000 and 15,000 a year, are only the first of a new wave of open two-seaters. Other manufacturers agree that the number of motorists wanting "something different" is enough to justify investment in sports car production.

● BMW of Germany will start producing an open two-seater roadster, based on its 3-series car, at its new manufacturing centre at Spartanburg, South Carolina, in September. It plans to make at least 30,000 a year, with most sold in North America, the world's largest market for sports cars.

● Mercedes-Benz, BMW's German rival, is expected to start producing an open two-seater for a similar market within two years. The roadster is part of a diversification by Mercedes into new niches, including a small city car in a joint venture with Swatch of Switzerland. Mr Helmut Werner, Mercedes chief executive, says the company's customers want non-mainstream saloon cars and Mercedes must respond.

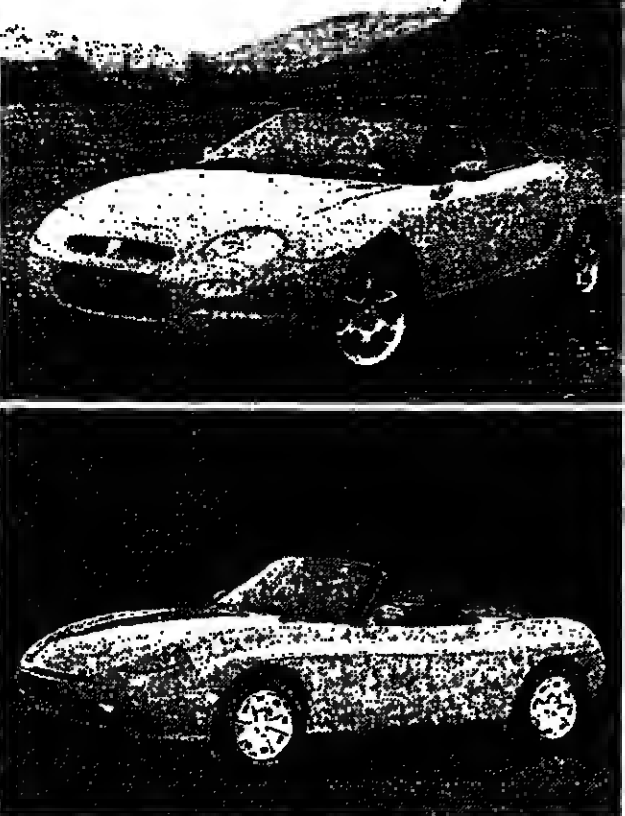
● Porsche, too, is undergoing a change, aimed at remedying its serious mistakes of the 1980s, when it profited from an eight-year growth market but failed adequately to invest in new products; sales in the US fell from more than 30,000 in 1987 to just over 4,000 in 1992. The 986 Boxster model Porsche will launch in 1997 will be modestly priced, and is aimed at doubling Porsche's total output to 30,000-plus a year.

● Ford, Renault and the Peugeot/Citroën group are among the volume car makers considering two-seater projects.

Apart from the Barchetta, Fiat will also launch new coupé and open-top Alfa-Ro-

Roll down the sunroof

John Griffiths on growth in the international sports car market



Sporting choice: Rover's MGF (top) and the Fiat Barchetta

meo Spyder models later this year, joining a Fiat coupé unveiled in 1994. Fiat expects sports car profits to offset some of the fierce competitive pressures in the mainstream European car market, where Fiat's share of sales has been declining.

The Barchetta and the MG - the first new MG for 15 years - will be competing for a share of a European sports car sector estimated at between 3 and 3.5 per cent of the new car market, or around 400,000 units in last year's 12m market, according to the Rover's Mr Allport.

Before committing itself to the MGF project Rover researched what had happened

niques, and highly flexible automated pressing and welding processes - has slashed the volumes at which car projects can break even.

"These techniques have allowed the MG project to be designed for viability at much, much less than the 15,000-20,000 units everyone expects us to be producing," says Mr Terry Whitmore, chief executive of Mayflower's automotive operations, the specialist automotive engineering group which is Rover's partner in the project. Mayflower's motor panels subsidiary has invested £34.2m to design, develop and supply the complete MGF body to Rover in return for a share of profits on sales.

It was Mazda, in 1989, which launched the first of the modern generation of "affordable" sports cars with the cheap MX-5 two-seater. Cumulative production of the MX-5 has now topped 300,000, and it is expected to undergo a major "re-ramp" to deal with the new competition. Not surprisingly, Rover has been criticised for allowing Mazda to seize a global market once dominated by MG: more than 510,000 MGs were built before the factory closed.

Rover, Fiat and others once again want to lay claim to a share of this market, and think the market itself can be expanded if sufficiently attractive new products are developed. Rover maintains that capturing even 3 per cent of the sports car market within Europe would allow the MGF project to break even at around 10,000 units a year.

The MGF is also to be sold in Japan and other markets outside Europe, although there are no declared plans to take the car into North America. The same is true of the Barchetta and Fiat's upcoming Alfa Romeo models. North America once absorbed 70 per cent of the output of the old MG factory, although both Rover and Fiat suffered from consumer criticisms and falling sales in the past and eventually withdrew altogether.

But Mr Bernd Pischelwieser, BMW's chairman, has already indicated that he wants Rover back in the North American market by the end of the decade. The size and rapid growth of the US market - nearly 600,000 sports cars, including home-grown products such as Ford's Mustang and Chevrolet's Camaro, were sold last year - means it will probably only be a matter of time before the MGF takes to North American roads.

Europa: Claus-Dieter Ehlermann

Case for a cartel body



Should an independent European Union cartel office be established? It is an excellent idea - in theory at least. At present, almost all enforcement of EU competition rules is in the hands of the European Commission, subject to appeal to the European courts. Reforming this system is not something to be taken lightly.

But there are a number of arguments in favour of making the change. First, it would help to allay some people's suspicions that the European Commission makes its decisions only partly on strict competition grounds.

There is concern that decisions made by a body which is composed of 20 politicians from 15 countries will inevitably be based partly on other factors, such as general industrial policy and old-fashioned political horse-trading.

Second, an independent cartel office might also help to allay suspicions that the commission does not disclose its real reasons for ruling against a deal.

In my experience, the commission has always reached its decisions strictly on competition policy grounds. But this does not negate the validity of arguments in favour of an independent office. Over the past decade we have had strong commissions, a strong president, and strong competition commissioners. The new commission is no exception. But who knows what the future holds?

Why not then take the plunge and set up an independent office in 1997? The inter-governmental conference will be able to make the necessary change to the Treaty of Rome. Before it does, however, there are important disadvantages that need to be taken into account.

The first of these is deciding what is meant by "independent". Most people envisage a UK-style Monopolies and Mergers Commission, or a German-style Bundeskartellamt: a body headed by a strong individual, independent of government, which makes

decisions or recommendations that can only be overturned under the glare of publicity.

This type of structure could only be expected to work on a European scale, however, if there were a Europe-wide competition policy that is needed.

While rapid progress is being made, we do not yet have any real consensus. Witness, for example, the uproar in France when the commission prohibited the takeover of De Havilland, the Canadian aircraft-maker, by France's Aerospaciale. Or the opinion of Mr Dieter Wolf, head of the Bundeskartellamt, that the commission is "soft" on mergers.

Until a consensus is reached, it is unrealistic to expect a European cartel office to be based on existing national models. It is more likely that it

would be headed by a panel of representatives from the member states, which would reach decisions on a case-by-case basis. It is debatable whether such a structure would be noticeably more independent than the one we have now.

Another question that needs to be thought through is the possible impact of reform on EU merger rules - one of the strengths of which is that they are based strictly on competition grounds. When the merger regulation was being drawn up in the late 1980s, there was an important debate between

some states, which argued that a merger should be vetted only on whether it resulted in a dominant market position and others which called for a more general "community interest" test. The first view prevailed.

But if an independent office were set up, some form of political veto would be inevitable. Even in Germany, the Bundeskartellamt does not have the final word. Decisions made by an independent agency would probably have to be confirmed or rejected by the commission. And the commission's terms of reference would include, as in all other merger control systems in Europe, the public or community interest. This would, in effect, mean the introduction of non-competition-based considerations into the decision-making process - the very thing that advocates of an independent

office want to avoid. Finally, removing the competition directorate - DG IV - from the commission, would have a price. DG IV is at present consulted on all major legislative projects and promotes free-market thinking. If for one would be sorry if this input were lost.

In summary, conditions are not yet right for an independent cartel office to start operating, although trends are moving in the right direction.

The right course of action would be for next year's ICC to decide in principle that an independent office responsible for antitrust matters, including mergers, and perhaps some regulatory functions, can be set up.

But the decision on when the office would start functioning should be left for a future decision to be taken jointly by the European Council and European Parliament.

In the meantime, why not set up an independent body to comment - after the event - on decisions made by the commission?

This body could also play a role in advising on policy matters and, prior to its adoption, on new legislation. Its views and reports should, of course, be published. The body should be given complete and open access to all documents in the commission's possession and should be bound by the same rules as the commission regarding confidentiality. This is a move we could, and should, make today.

The author is director-general for competition of the European Commission.

Conditions are not right for an independent cartel office, but trends are moving in the right direction

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fax"). Translation may be available for letters written in the main international languages.

Ramos must support social advances

From Mr Bill Jordan.

Sir, I would have liked to share the cautious optimism shown by Edward Luce, your Manila correspondent ("Ramos in push to lure investment", March 2) over Filipino President Fidel Ramos' claimed intention to make democracy the key to the country's efforts to become an Asian "tiger" within five years.

Unfortunately, my enthusiasm has to be tempered following the recent visit to Manila by a delegation from the International Confederation of Free Trade Unions.

For the 200,000 (mostly female) workers in Filipino free trade zones, unfair dismissals, forced overtime and poor pay and working conditions are the rule rather than the exception. They spend 12 to 14 hours a day in sweatshops for a daily salary of 138 pesos (US\$6).

Women are asked upon recruitment to sign an affidavit authorising the employers to fire them if they get married. Employers avoid paying social security contributions, and most of them ignore health, safety and environment regulations.

Local politicians, acting in collusion with employers, prevent workers from organising in trade unions. Labour groups in the Philippines have documented 72 cases of trade union rights violations affecting 922 victims in 1994. These include assassination attempts, arrests and disappearances.

This situation has led local unions to call on the government to reject "growth models" based on sub-minimum wages and a union-free environment and to agree to include social clauses in international trade agreements.

If Mr Ramos were to support the social clause, it would be a tangible sign that he is indeed serious about his country becoming a tiger, but one, hopefully, with its claws drawn in.

Bill Jordan, general secretary, International Confederation of Free Trade Unions, 8d Emile Jacqmain 153, Brussels, Belgium

Look to Bangladesh for new chief of the World Bank

From Mr Edward F Feighan.

Sir, As a former member of the US House of Representatives who served on the foreign affairs committee, I read with interest your editorial "A president for the World Bank" (March 1), in which you suggest a new vision for selecting the next president of the World Bank. You say "the right person to articulate [the bank's] purpose is unlikely to be a manager, however gifted, or a manipulator of financial markets, however creative... The bank's aim is development. Its president must define what that means and, no less, explain why it matters."

I caught my first glimpse of a new vision of development nearly a decade ago. At that

time, I was a lead sponsor, along with Republican Ben Gilman, the current chair of the House International Relations Committee, on legislation modelled after a different kind of World Bank - the Grameen Bank in Bangladesh.

Its founder and managing director, Muhammad Yunus, has crafted an institution that has grown from one borrower 18 years ago, who used a minuscule loan to free herself from a money-lender and catapult her income from two cents a day to \$1.25 a day, to an institution that lends \$1.5m a day to the poorest women in Bangladesh. The current 2m borrowers (only 6 per cent are men) buy milk cows and sell the milk, husk rice and sell the

rice, and do all other manner of self-employment ventures with loans that average \$100 each and have a default rate of just 2 per cent.

There is no person who has a better understanding than Muhammad Yunus of how to use banking to eradicate poverty. There is no person who has better demonstrated what we must do to solve the problems before this week's UN summit on social development - poverty, employment, and social integration. Edward F Feighan, Cimaco, Cimaco, Seminatore, Lefkowitz & Garofalo, Ninth floor, the Halle Building, 1228 Euclid Avenue, Ohio 44115, US

Barings: questions of recruitment and control

From Mr G. Avison.

Sir, In the wake of the Barings collapse the banks have predictably focused their attention on characterising this as an isolated incident, checks and balances breached, systematic fraud and so on.

This totally ignores the underlying problem which is that the banks recruit poorly educated charlatans whose only required qualification is personal greed and then encourage them to gamble their customers' and shareholders' money in a game that they have invented solely for the purpose. The so-called "sophisticated financial instruments" of derivatives are nothing of the sort and have nothing to do with serving the needs of commerce and industry.

Why do they do it? Because gambling, if you win, beats working for a living - how else is a 28-year-old going to get paid £200,000 a year? The banks, of course, take their share. Isn't it risky? Obviously, but insider knowledge helps the odds, they have always on balance come out ahead or been bailed out or been able to turn charges up or call in loans to companies struggling to earn a living the hard way.

Who loses? In the long run we all do. Not just financially, but because once again we have confirmation that greed and incompetence rule in our financial institutions and that

a decent education is a positive handicap in the UK.

Another step down the long road of decline. Hey ho! G. Avison, The Technology Partnership, Melbourne Science Park, Cambridge Road, Melbourn, Royston, Hertfordshire SG8 6EE, UK

From Mr Alex Kan.

Sir, It would appear that, once again, the inability of an organisation to understand and control its own business has been blamed on the existence of derivative products. The contracts traded were, in fact, as transparent as any transaction which may be traded. Whatever internal controls were in place must have been extremely deficient, and one would assume those charged with implementing them were not vested with the proper authority.

There is a trend among financial organisations, certainly in the UK and Europe, to place a much greater emphasis on the controlling role of operations and support areas, and this complements the direction set by the regulatory authorities. The dinosaur attitude - where a trader says do it and it is done without question - must become a thing of the past.

Alex Kan, 15 St Andrew's Place, Shenfield, Essex CM15 8HH, UK

Approach for currency board views unsolicited

From Prof Steve H Hanke.

Sir, Mr Ariel Bultra, deputy governor of the Bank of Mexico, asserts (Letters, March 3) that I was motivated to write to the Financial Times (Letters, February 21) because I am a self-promoter and upset over not being awarded a consultancy by the bank. His venomous remarks further validate my conclusion that some

Mexican officials are "misinformed and confused".

On January 24, I received an unsolicited telefax from the Bank of Mexico. It stated: "At the central bank we are aware that you are one of the foremost experts on this subject (currency boards) and we have been studying your work. At this stage we would like to explore the conditions under

which you would be available for consultations with us." This hardly qualifies as self-promotion. Furthermore, as far as I am aware, these explorations are still under way.

Steve H Hanke, professor of applied economics, The Johns Hopkins University, Baltimore, Maryland 21218 2686, US

Canada's budget a gamble

From Mr Michael Taube.

Sir, The evaluation of Canada's recent budget in your editorial, "Canada's debt reprieve" (March 1), gives a strong account of its many features.

Even as a rightwinger and a member of the Progressive Conservatives in Canada, I must give due credit to some of the proposals of Mr Paul Martin, the finance minister. This budget will appease many of the warring factions within our country. The "cut-and-slash" technique of 45,000 public sector jobs will help relieve Canada's bloated bureaucracy. By leaving the already high personal income tax rate as is, prime minister Jean Chretien will win many more friends. Martin's conservative assumption on the government bond rate to aid lower gross domestic product target numbers by 1995-1997 seems plausible.

Obviously, the budget was hardly perfect. I was one of many who were hoping for cuts to our welfare system. Unlike what your editorial states, I believe there are many faults within Canada's social services, especially within welfare. There are too many people abusing the system. Martin was probably forced to back down from reforming the welfare system by special interest groups. For me, it was a typical Liberal manoeuvre, but a shame nonetheless.

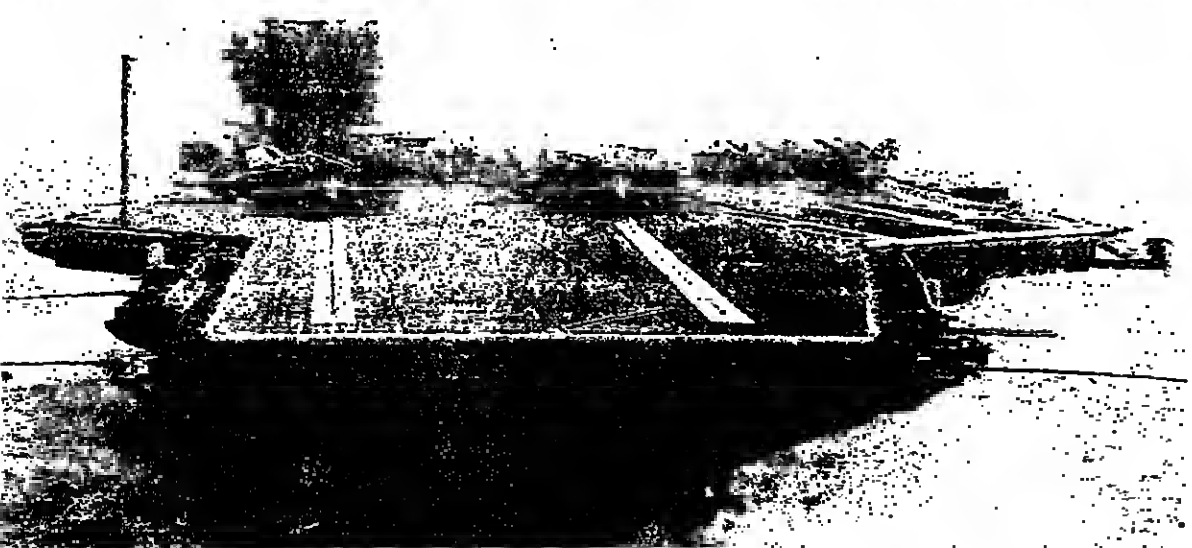
I must give the devil his due - the Liberals took a gamble on a tough budget, and won. The issue of Quebec, with a referendum possibly coming this June, is still up in the air. However, with this committed budget, there may now be some hope for those in Canada who believe in national unity.

Michael Taube, Mecklenburgh Square, London WC1N 2AB, UK

THE HAWKER 1000.

NOW DEPARTING FROM SMALLER, SOMEWHAT MORE CHALLENGING RUNWAYS.

Exceed the exaggeration, but we're justifiably proud of the Hawker 1000's substantially improved take-off performance. Since we acquired the Hawker program, we've discovered this aircraft is capable



Thanks to the Hawker's new high-hot performance, you can take off from Toluca, Mexico, and fly non-stop to Washington, D.C. with eight passengers. Small airports all over the world are now accessible.

of far more than its original certification indicates.

Short runways no longer present limitations.

Consider a trip from Chicago's Palwaukee Airport to San Francisco. In 93°F weather, the Hawker 1000 can take off with 2,024 pounds more fuel than before.

Find out more about the Hawker 1000. The business jet that can take off and land anywhere. Well, almost anywhere. Call Raytheon Aircraft Company.

Which translates into 522 nm of additional range.*

Wichita, KS, U.S.A. 316-676-7072, ext. 426 or fax us at 316-676-8908.

Which means the journey to San Francisco, with eight passengers on board, can be completed at high speed cruise.

Raytheon Aircraft Company
Beechcraft **Hawker**
BUILT LIKE NO OTHER
BUSINESS JET ON EARTH.

©1995 Raytheon Corporation Jeti, Inc. *Range is based on FAA IFR enroute and standard weights.

JP 11/10/150

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Tuesday March 7 1995

All change in the ERM

The US dollar catches a cold and the ERM sneezes. But this is not a crisis for the new, more flexible ERM, nor a grave defeat for Spain and Portugal, nor even a salutary warning about prospects for European Monetary Union. It merely demonstrates that the flexibility inherent in an adjustable peg exchange rate mechanism such as the ERM will be used. The questions now are whether these difficulties will spread to countries in a tighter relationship with the D-Mark, particularly the French franc, and how Spain and Portugal themselves should respond.

In the wake of yesterday's 7 per cent devaluation of the central rate of the peseta within the ERM, Mr Kenneth Clarke, UK chancellor of the exchequer, had the cheek to warn the Spanish that unless they followed proper economic policies, devaluation would continue, as it has for the peseta since 1992. This was vainglorious, with sterling touching an all-time low of DM 3.31 - although Mr Clarke could feel pleased that sterling's 16 per cent devaluation from its pre-September 1992 central rate is significantly smaller than the peseta's cumulative depreciation of 23.5 per cent.

Currencies squeezed

Dollar declines against the D-Mark always put pressure on European currencies. Weakness against the D-Mark is, in fact, affecting all major European currencies. The D-Mark yesterday touched 1.215, making the devaluation of the Italian lira from its pre-September 1992 central rate 38 per cent. The French franc is the only major European currency not to have been formally devalued against the D-Mark in the 1990s, but it fell yesterday to an all-time low of 3.55 to the D-Mark, 5.5 per cent below the central rate, although well within the wide band of 15 per cent.

The wide-band ERM is showing its value. A degree of flexibility in French monetary policy has been allowed by a larger exchange rate adjustment than would have been possible within the old 2.25 per cent band. For the peseta, too, the wide band has had advantages, such as the 7 per cent adjustment of its central rate falls within the 15 per cent band. This allows a large exchange-rate adjustment, without giving specu-

lators the one-way bets of the narrow-band regime.

The system itself is working. But what is to be made of the devaluations? Certainly, they are no panacea, as Mr Clarke noted. There is a danger that depreciation will exacerbate inflation, particularly in Spain, where the annual rate of consumer price inflation is stuck over 4 per cent, notwithstanding an unemployment rate above 24 per cent. Portugal, by contrast has managed to lower its rate of inflation sharply.

Deficit promises

The Spanish government, which sought the adjustment of the peseta - to the understandable annoyance of the Portuguese, who had no wish to follow suit - has promised to keep the budget deficit for 1995 within the ceiling of 5.9 per cent of GDP. This is probably too large, although the government has also committed itself to a target of 4.4 per cent next year.

Fast devaluations have boosted the Spanish economy and facilitated adjustment of the external accounts. Year-on-year increases in export volume were running as high as 20 per cent in the first half of last year, faster than from Italy. After the recession in 1992 and 1993, economic growth has also been picking up: to reach an annual rate of 2.35 per cent in the year to the third quarter of last year.

The Spanish aim is low inflation, rapid growth and a reduction in unemployment. Provided the right complementary policies are put into effect, this may be achievable. But it has certainly not been achieved hitherto and now looks rather remote. Spain is more likely to achieve faster growth, at the expense of higher inflation, which would render an early entry into ERM rather implausible.

These events do underline the wisdom of the modifications to the ERM in 1993. They also show how much work Spain and, to a lesser degree, Portugal need to do if they are to be allowed into ERM. But a single currency is a fundamentally different beast from the ERM in any of its incarnations. These events do not change that. It remains a leap into the dark. When that leap will be made, by whom and what life might be like on the other side remains as uncertain today as a few days ago.

Finding the truth about Barings

The search for scapegoats is rarely editing, and the Barings disaster is no exception to this rule. The bank blames Mr Nick Leeson, its "rogue trader". Mrs Leeson blames her husband's bosses. Mr Peter Barings blames nameless conspirators. Singapore blames the Barings head office. And the Labour party is doing its best to blame the Bank of England and the Bank's political master, Mr Kenneth Clarke, the chancellor.

On the face of it, the Labour case is weak. The Bank was right to let Barings go bust. Its judgment has been vindicated by the small market impact of the crash and the satisfactory nature of the rescue by ING Bank, which has protected depositors and jobs, but penalised shareholders.

The primary responsibility for the astonishing weakness of controls within Barings lies with the bank's senior managers. The Bank of England will doubtless consider whether they remain "fit and proper persons" to exercise banking responsibilities.

But the weakness of controls raises a more general question about the crisis. When it was not seen as a very rapid build-up of ill-judged derivatives positions by a single trader, it was hard to see how banking supervisors could have caught it in time.

Now it is clear that internal complaints about the weakness of controls go back months, if not years; that a very large proportion of Barings' capital was transferred to meet the obligations Mr Leeson was incurring; and that supervisors elsewhere knew things about the risks Barings was running that the Bank of England did not.

Supervision questioned

As Labour says, these points raise a question over the adequacy of the Bank of England's supervision. Is it enough, therefore, for the inquiry into that issue to be handled by the Board of Banking Supervision, as Mr Clarke intends?

Labour calls this an in-house, not an independent inquiry. Mr Clarke says it is as independent as can be. Labour's case is strengthened by three aspects of the board. It was set up to advise the Bank on its supervisory functions, not to carry out investigations. At the moment of its creation, the man

who is now the minister for the City, Mr Anthony Nelson, expressed the fear that it might become a "cosy luncheon club", a cosmetic exercise concealing business as usual. It will not carry out the investigation itself, but has delegated the task to a Bank employee, Mr Ian Watt, head of the special investigations unit.

Probe's merits

Still, there are arguments for the way the inquiry has been conceived. Mr Watt, a recent appointee who reports directly to the governor of the Bank, is independent of the banking supervision department. He will draw on specialist expertise from the accountants Arthur Andersen, from the law firm Norton Rose, and from J.P. Morgan's derivatives team.

If the independent members of the board dislike the report he drafts, or the response to it by the Bank, they can take their views to the chancellor. The report itself will be published.

Above all, the report is likely to be completed quickly. The Bingham report, a full-scale inquiry into the collapse of BCCI by Lord Justice Bingham, took well over a year. The Barings report, says the Bank, is "urgent". Let us hope that urgency is calibrated to the normal human metabolism, rather than that of central bankers or civil servants.

For this to be a satisfactory approach to the inquiry, then, a few criteria must be met. First, the report must be written to illuminate any failures of supervision, rather than conceal them. Second, it must be aimed at drawing practical, specific lessons for the future, rather than recommending vague improvements in communication.

Third, the independent members of the board must exercise to the full their right to pursue embarrassing or difficult questions, taking them to the chancellor and to the public if necessary.

If these provisos are met, the proposed inquiry is, on balance, a satisfactory way to proceed. The concerns expressed about the nature of the inquiry and - in an earlier existence - by Mr Nelson about the board are perfectly valid ones, however. It is up to the investigators, and the board, to prove them wrong.

The world inclines to socialism because the great majority of people want it. They want it because they believe that socialism will guarantee a higher standard of welfare. The loss of this conviction would signify the end of socialism - Ludwig von Mises, Socialism, 1922

The world was warned by this great economist of the Austrian liberal tradition. But the socialist experiment was taken to its bitter end in the planned economies of the former Soviet empire. Now those on whom that experiment was made are attempting to construct its opposite.

The spotlight is shifting this year to the two giants of the post-communist world: Russia and Ukraine. Mr Victor Chernomyrdin, Russia's prime minister, told the Financial Times last week that 1995 is the "turning point" the year when the troubled economy must be stabilised. Russia is also poised to reach an agreement with the International Monetary Fund for a \$6.4bn (\$4bn) standby loan.

Similar urgency is being expressed by Ukraine, which signed a \$1.8bn standby agreement with the IMF only last week. The deal signals a commitment by the government of president Leonid Kuchma to reform. Under negotiation for almost five months, it holds the country to tight macroeconomic policies and price liberalisation.

These reforms are set to follow the path taken five years ago by Poland, the largest post-communist country of eastern Europe.

The launching of a little over five years ago of the Balcerowicz plan, the "shock therapy" for Poland formulated under the direction of Mr Leszek Balcerowicz, deputy prime minister and finance minister, marked the start of serious reform in former communist countries.

Already in the Outline Economic Programme of October 1989, the new Solidarity government, under Mr Tadeusz Mazowiecki, had set out both its aim and the challenge it confronted. "The objective," it said, "is to set up a market system akin to the one found in the industrially developed countries. This will have to be achieved quickly, through radical actions."

"We are embarking on the reshaping effort under extremely adverse conditions. The economy is in ever more tenuous disequilibrium... The ecological disaster, the housing crisis, the foreign debt burden, the emigration by the most active part of the young generation - these have been swelling for years. In recent months, additional crisis symptoms surfaced or mounted in force: a rapid price climb linked to a wage explosion, the flight from the zloty, the growing deficit of the state budget and also a drop in output."

The Balcerowicz plan was a venture into the unknown, undertaken in haphazard circumstances and, as it would turn out, with modest western assistance. Its aim was to implant, as swiftly as practicable, the constituent elements of a market economy.

How does this effort look five years later? The broad answer is that it has worked. This means neither that it succeeded perfectly, nor that mistakes were avoided. But Poland has come a long way from the time when shops were bare and some wondered whether it could even feed itself.

These years have provided four broad lessons on the transition from the planned economy to the market:

● The notion of "shock therapy" gives a misleading impression of instantaneity, but there is a strong case for decisive action, particularly over stabilisation and liberalisation.

● Reform can be pursued successfully even amid popular dissatisfaction, provided elites recognise the absence of credible alternatives.

● The core of the reform is creating the conditions for the growth of the market-oriented private sector. Mistakes made by reformers are a less important explanation for the difficulties than the dismal legacy of communism.

These years have provided four broad lessons on the transition from the planned economy to the market:

● The notion of "shock therapy" gives a misleading impression of instantaneity, but there is a strong case for decisive action, particularly over stabilisation and liberalisation.

● Reform can be pursued successfully even amid popular dissatisfaction, provided elites recognise the absence of credible alternatives.

● The core of the reform is creating the conditions for the growth of the market-oriented private sector. Mistakes made by reformers are a less important explanation for the difficulties than the dismal legacy of communism.

These years have provided four broad lessons on the transition from the planned economy to the market:

● The notion of "shock therapy" gives a misleading impression of instantaneity, but there is a strong case for decisive action, particularly over stabilisation and liberalisation.

● Reform can be pursued successfully even amid popular dissatisfaction, provided elites recognise the absence of credible alternatives.

● The core of the reform is creating the conditions for the growth of the market-oriented private sector. Mistakes made by reformers are a less important explanation for the difficulties than the dismal legacy of communism.

These years have provided four broad lessons on the transition from the planned economy to the market:

● The notion of "shock therapy" gives a misleading impression of instantaneity, but there is a strong case for decisive action, particularly over stabilisation and liberalisation.

● Reform can be pursued successfully even amid popular dissatisfaction, provided elites recognise the absence of credible alternatives.

● The core of the reform is creating the conditions for the growth of the market-oriented private sector. Mistakes made by reformers are a less important explanation for the difficulties than the dismal legacy of communism.

The experience of Poland has mapped a path to reform for Russia and Ukraine, say Martin Wolf and Chrystia Freeland

The long day's journey to market

The painful path from communism to capitalism



Real GDP						Retail/consumer prices (end-year)					
% change	1990	91	92	93	94 est	% change	1990	91	92	93	94 est
Albania	-10	-27	-10	11	7	na	104	237	31	18	
Armenia	-7	-11	-32	-15	0	na	na	1,341	10,986	1,100	
Azerbaijan	-12	-1	-28	-15	-15	na	126	1,395	810	1,500	
Bulgaria	-3	-1	-10	-12	-26	na	93	1,558	1,984	1,778	
Croatia	-9	-12	-6	-4	0	73	339	79	64	122	
Czech Republic	-9	-14	-8	-3	1	136	149	937	1,150	-3	
Estonia	-8	-11	-14	-3	4	18	52	13	18	10	
FYR Macedonia	-10	-12	-14	-14	-7	608	115	1,691	244	54	
Georgia	-12	-21	-43	-40	-35	5	131	1,483	7,492	7,208	
Hungary	-4	-12	-4	-2	3	33	32	22	21	21	
Kazakhstan	-9	-13	-14	-12	-25	na	150	1,176	2,169	1,000	
Kyrgyzstan	3	-6	-25	-16	-10	na	170	1,771	1,368	87	
Latvia	3	-8	-34	-12	3	na	262	958	35	26	
Lithuania	-6	-13	-28	-16	4	na	345	1,175	188	44	
Moldova	-2	-12	-25	-14	-20	na	162	1,275	837	111	
Poland	-12	-8	2	4	6	249	60	44	38	30	
Romania	-6	-13	-14	1	2	38	223	199	296	65	
Russia	-4	-13	-19	-12	-15	na	144	2,318	841	205	
Slovakia	0	-15	-7	-4	4	18	56	9	25	13	
Slovenia	-5	-8	-5	1	5	105	247	93	23	18	
Tajikistan	-2	-13	-34	-28	-15	na	204	1,364	7,344	na	
Turkmenistan	2	-5	-6	-8	-10	na	155	844	10,000	1,500	
Ukraine	-3	-12	-17	-14	-23	na	161	2,000	10,155	276	
Uzbekistan	2	-1	-11	-2	-3	na	169	910	885	368	
EASTERN EUROPE						-8	-10	-4	-7	-4	
CIS						-4	-12	-19	-13	-17	

Source: EBRD

There are four aspects of the transition to the market: stabilisation, liberalisation (mainly of prices and trade), institutional restructuring and privatisation.

The transition report from the European Bank for Reconstruction and Development raises questions about the pace at which transition can be managed, but also states that "it has certainly been learned from the range of countries' experiences that those that pressed ahead more radically on all four fronts have been rewarded not only with relatively rapid movements towards a market economy, but also, in most cases, by more modest falls or earlier recovery in output".

Shock therapy may be defined, in practice, as immediate stabilisation (where needed), rapid moves towards price and trade liberalisation (while avoiding wholesale bankruptcy of enterprises) and a firm impetus towards institutional reform.

Professor Balcerowicz, in a jointly authored paper, calls this schema a "two-stage" transition, the first being towards "marketisation", the second being movement towards an economy dominated by private ownership.

Why should moving as rapidly as feasible matter? One reason is that the breakdown of communism offered a possibly brief opportunity to make radical changes, while the old bureaucratic elite was discredited.

Another is that early and visible changes were needed to make the shift to the market economy credible. Yet another is that early stabilisation and liberalisation forced state enterprises to be more efficient and created the environment needed for the growth of efficient private business.

If the first lesson is that momen-

tum had to be imperilled from the start, the second is that popular opposition mattered less than reformers feared immediately after the fall of the Berlin Wall. Then, there were deep worries about a public backlash if adjustment proved too painful. That backlash appears to have occurred: Poland, Hungary and Lithuania have all reinstated former communists in office, Estonia seems likely to do so.

Even so, the nightmare of eastern European reformers has not materialised. Although Poland and Hungary face levels of unemployment unthinkable under communism, there has been no popular revolt. Moreover, the newly elected governments in Warsaw and Budapest

In several countries, attempts at reform under the communists led to declining output and huge fiscal deficits

may prove socialist in name and background only. The lesson is that it is elite opinion which matters most, although it is important that there be a reasonably large group of beneficiaries, something that the privatisation of small enterprises has created in many countries.

This evidence ought to embolden reformers in Russia and Ukraine. Mr Chernomyrdin's recent words reflect a growing conviction within the Russian elite that there is indeed no alternative, a realisation that may now allow the government to persist with reform. The same should also be true for Ukraine, since it had a still more disastrous experience than Russia with non-

reform and non-stabilisation under the Kravchuk regime.

The third lesson of eastern Europe has been that emergence of a new and dynamic private sector is more important than privatisation of the old state enterprises, so long as the latter are forced to adapt by tough fiscal discipline and price liberalisation.

This conclusion may appear peculiar, since the single greatest difference between communism and capitalism is private property. Yet comparing the experiences of Poland, Hungary, the Czech Republic and Russia suggests that privatisation is no panacea.

Of the four countries, Russia has embarked on the most ambitious mass privatisation programme. But because privatisation in Russia has occurred without constraining the subsidies to formerly state-owned enterprises, without the comprehensive liberalisation that would allow the emergence of a competitive private sector and without the creation of a new legal order, it has not transformed the country's economy.

Instead, as the Hungarian economist Janos Kornai observed in the 1970s, drawing on Hungary's effort to create a half-way house between communism and capitalism, nominally privatised enterprises in Russia are still governed by the "soft budget constraint". In practice this means that political connections - and the ability to obtain subsidies - have more bearing on a factory's success than the quality of its management.

In Russia, this behaviour sabotaged the government's efforts to stick to fiscal and monetary austerity last year. The government's stab at austerity meant that factories did not have the financial resources to produce unwanted goods in accustomed quantities.

Russian factory managers paid this message no heed. Short of money, they accumulated massive inter-factory debt, all the while counting on the government to bail them out. Last summer and autumn, this is what the government did, by issuing soft credits that pushed up inflation and played a major role in the rouble's catastrophic fall last autumn.

By contrast, Poland and Hungary have yet to launch mass privatisation programmes. But, because they have liberalised and imposed hard budget constraints on state enterprises, greenfield private concerns have emerged as competitors and state enterprises have been forced to play according to the rules of the market. Although crash privatisation in both Hungary and Poland is minuscule by comparison with Russia, the genuinely private sector in these two countries is larger.

The last lesson, not quite as obvious five years ago as today, is the dismal legacy of communism itself. They made a desert and called it socialism. Huge factories were thrown up. Millions of tons of steel and cement were produced. But all this contributed little or nothing to the welfare of the population. Underneath the economic failure lay the decayed and corrupted bureaucracies; the cynical populations; the corruption of morality in the name of expediency; the pollution; the degradation of law; and the absence of rights.

A comparison by Professor Jeffrey Sachs of Harvard of the post-war fate of Poland and Spain, two Catholic countries on the edges of Europe, illustrates the story.

In 1955, Poland's income per head was a little higher than Spain's. By 1988 it was a quarter of the Spanish level. Yet Poland's hyperinflated industry produced more electricity and almost 50 per cent more steel than Spain's. Similarly, before the second world war Czechoslovakia was one of the most advanced countries in Europe. By 1982, however, its real income per head (at purchasing power parity) of \$7,160 was a mere 40 per cent of Austrian levels.

The tainted social, political, economic and ecological legacies makes successful reform difficult. But the final stage of the rake's progress of state socialism was also what made it urgent.

In several countries, including Russia itself, attempts at reform under the communists led to declining output and huge fiscal deficits. High inflation and collapsing output did not follow reform, but normally preceded it.

While the direction to be taken is clear and justifiable, mistakes have, inevitably, been made. Mr Richard Portes, director of the London-based Centre for Economic Policy Research, lists many in a recent paper: initial forecasts for output were too optimistic; problems posed by a bankrupt banking system were inadequately addressed; devaluations were often excessive and monetary policy sometimes too tight; property restitution created uncertainty and discouraged investment; privatisation schemes were too complex; the capacities of certain state enterprises were underestimated; arrangements for trade among the socialist countries were dissolved too swiftly; and there was inadequate attention to reducing external debt.

Nonetheless, the courage of that first reforming Polish government has been rewarded. Anyone who seriously doubts this need only take a glance at conditions further east. The peaceful collapse of communism is the most heartening event of this century. If Russia and Ukraine are to enjoy its fruits, they must follow Poland's example.

European Bank for Reconstruction and Development, Transition Report, October 1994. Leszek Balcerowicz and Alan Gelb, Macroeconomics in Transition to a Market Economy: A Three Year Perspective, Annual Bank Conference on Development Economics, World Bank, Washington, D.C., 1993. Jeffrey Sachs, Poland's Jump to the Market Economy (Cambridge, Mass and London, England, The MIT Press, 1993). Richard Portes, Transformation Traps, Economic Journal, September 1994.

OBSERVER

Taxing times

The French taxman is a rather more accommodating soul than other nations' bogeymen. In a country rich in every conceivable tax loophole, there are obvious advantages in making the odd concession to those prepared actually to admit to some sort of fiscal liability.

This year, the official deadline for filing the annual tax form - end February - has been extended, twice. So was midnight Sunday really *l'heure limite*?

The band of 30,000 tax inspectors, who normally only answer questions two mornings a week, had been making themselves available daily. Some were even spotted mowing stands in shopping centres, while an enterprising tax bureau chief in Strasbourg had set up a "drive-in" service.

No such facilities in Lyon, however. Local last-minute arrivals at the tax office at witching hour found to their horror that the letter box was behind other, locked doors. So a third extension has been granted.

Confidence vote?

No hard feelings towards competitors, apparently, at Asea Brown Boveri, Europe's largest electrical engineering company. The

UK press party for tomorrow's annual results chomping in Paris leaves London's Waterloo station today on a £24m Eurostar train built by arch-rival GEC Alsthom. Or perhaps ABB is hoping the train will break down...

Gentleman first

One undoubted winner in the Barings crisis is Cazenove & Co. Its football team beat Credit Lyonnais recently after a penalty shootout and was due to face Barings Securities in the quarter final of the Stock Exchange's Rossage cup. However Barings pulled its team out last week with the result that Cazenove is through to the semi-finals. Observer contacted Barings Securities to see if it planned to appeal the decision now that it had been bailed out by ING, but its skipper could not be found. Sounds familiar.

Wellcome diversion

It's make or break week for Wellcome - and Observer is not talking about the Glaxo bid. This morning Wellcome has to get shareholder approval at a extraordinary general meeting to rectify a series of mistakes.

Apparently, the interim accounts for 1989, 1990 and 1994 were not filed with the registrar of companies. As a result, the interim dividends paid in 1989, 1990 and 1994 were wholly

or partially paid in technical infringement of the Companies Act. Wellcome has been advised that there could be claims made against its directors who participated in the relevant board meetings.

A minor oversight it seems, and no one seems to be very upset about it. Even so it is highly unusual, and is the sort of irritant that Wellcome could do without as it scans the horizon for a white knight to rescue it from Glaxo's clutches.

Dutch zap

While ABN Amro was competing in vain last week to be chosen as Barings' 20-shilling saviour, the Dutch bank's staff was preoccupied with another deadline. By order of the top brass, all computer games had to be removed from internal systems by March 1. Penalty for non-compliance: the sack.

Swiss waltz

Does Credit Suisse still pine after Creditanstalt, the Austrian bank it made an abortive bid for last year? With xenophobia seemingly reaching alarming levels in Austrian banking circles, the Swiss withdrew. Now the government faces a budget crisis and is happy to sell its stake in Creditanstalt to anyone with real cash. So will CS try again?

The answer from Josef Ackermann, the Credit Suisse chief

executive: "If you ask a beautiful woman to dance and she refuses, you do not ask again. So the only way you can ever dance with her again is if she comes and asks you."

Paper tiger

Trust the French to take a subject to its logical conclusion. British newspaper tycoons' price wars look pretty feeble affairs when one considers InfoMatin was yesterday going out with a cover price of precisely FF0.00. One-day wonder that it was, the circulation drive was also economically considerably more soundly based - all paid for by sponsors Hewlett Packard, thank you very much. Some of InfoMatin's journeymen threatened to strike at the prostitution of their art. But need they have worried? One newspaper vendor proudly informed Observer that free copies were available for existing clients only.

Future perfect

Opposition likely from favoured companies

Yeltsin acts to remove privileged trading status

By Gwyneth Frestland in Moscow

President Boris Yeltsin's orders are likely to run into strong opposition from companies which have taken advantage of the present system, notably the politically powerful oil exporting groups.

Yesterday's announcement came after three reformist decrees signed last week and the government's formal renunciation of its former practice of covering the budget deficit by printing money. They are part of a broader effort to ensure that 1995 is the year in which Russia makes progress with economic liberalisation and in bringing down inflation.

Mr Alexander Livshits, a presidential adviser on economic policy, said yesterday's decrees would come into force on May 15. They could earn the government hundreds of millions of dollars in additional revenue as companies currently exempt from paying import and export tariffs are forced to pay.

"This is a very serious decision," Mr Livshits said. "Our current, strange, impulsive economic policy, in which some companies are granted privileges and others are not, is to be replaced with an open and transparent system."

"This is revolutionary," said one western economist in Moscow. "It seems that the reform effort is back on track and the reform team has the backing of the president and the prime minister."

However, Mr Livshits predicted that groups which stand to lose out under the new law, will oppose it fiercely. These include the select group of 14 "special exporters" of oil, which have exclusive and lucrative rights to export.

But he said the government was counting on support from businesses which do not enjoy privileged status.

The long day's journey to market, Page 15

EU and Turkey agree deal to open markets

By Lionel Barber in Brussels

The European Union last night agreed a customs union accord with Turkey, a landmark deal which breaks Greece's stranglehold on closer economic and political ties between Ankara and the EU.

In return for Greece's agreement to lift its 14-year-old veto on the customs union, the EU has offered a timetable for Cyprus to join the Union around the turn of the century.

The EU-Turkey deal, finalised at a meeting of EU foreign ministers in Brussels, marks a triumph for French diplomacy with potentially far-reaching consequences for the eastern Mediterranean.

When the customs union comes into effect on January 1, 1996, the EU and Turkey will open their markets to a wide range of goods and services. They will remove tariffs and establish common tariffs for products from countries outside the region.

However, some Turkish industries will remain protected from EU competition, and Turkish agricultural exports will still face restrictions in EU markets.

Mr Douglas Hurd, UK foreign secretary, hoped the promise of more generous market access as well as an Ecuibn (\$1.27bn) aid package would strengthen Turkey, which has a vital role as a member of the Nato alliance and a front-line state against radical Islamic fundamentalism.

The promise of future EU membership could act as a catalyst to a political settlement between the Greek-controlled government of Cyprus and the Turkish Cypriot authorities who hold sway over the northern part of the island, Mr Hurd said.

The EU initiative is the most promising effort to end the stalemate over Cyprus, which has existed since 1974 when the Turkish army invaded the island in response to a Greek Cypriot coup backed by Athens.

France, which holds the rotating EU presidency, took the lead after negotiations foundered on a Greek veto last December.

The deal promises Cyprus that accession negotiations can begin six months after the conclusion of the 1996 intergovernmental conference to review the Maastricht treaty.

This assumes progress in talks between the Greek and Turkish Cypriots.

Ministers also promised a European Commission review of the impact of the proposed customs union on the Greek textile industry, possibly leading to compensation for Athens, though no fixed sums are on offer.

The EU has also extracted promises from Turkey to improve its human rights record.

Treaty sends Turkey westwards, Page 4

THE LEX COLUMN

French in familiar waters

Lyonnaise des Eaux's latest expansion plans are in familiar waters. In the past, the French water company has splashed out on questionable diversifications ranging from mortuary services to construction. But its planned acquisition of Northumbrian Water should prove a good fit. Cost savings would be generated by merging Northumbrian with North East Water, which already belongs to Lyonnaise.

However, the regulator is likely to insist that a large portion of savings is passed to customers rather than shareholders. The merger of East Worcester and Severn-Trent led to a 15 per cent price reduction over four years, and the regulator looks determined to wring more out of the Northumbrian deal. Still Lyonnaise might save as much as £10m on operating costs and more than that on capital expenditure, which should leave something on the table for investors.

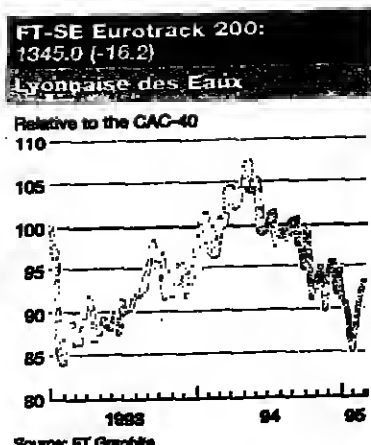
Lyonnaise's decision to clear all regulatory hurdles before making a formal bid has left shareholders dangling at least until June. However, Northumbrian Water's share price jumped 17 per cent to 23.70 yesterday, suggesting that initial estimates of a final bid price of £3.50 may be too low.

If Northumbrian tries to defend the bid, it could gear up further. But the company has already said it will reduce its dividend cover to 2½ times earnings by the end of the century. The group cannot go as far as Northern Electric, which has offered its investors goodies worth 25 a share for rejecting Trafalgar House's bid. Although financially strong, the water companies are still consuming cash. And, like Northern Electric, Northumbrian may find it difficult to push the offer up given the shortage of other potential bidders.

Although bid speculation prompted a rally in the water sector yesterday, most other water companies are either too big or too weak to attract offers. Yesterday's putative bid may, however, encourage other water companies to maximise shareholder value sooner rather than later.

European currencies

Despite its devaluation, the peseta is not out of the woods. The Spanish currency is being bullied by the markets because it is the ERM's weakest. The weekend's move did nothing to alleviate doubts about Spain's current account and budget deficits, nor reduce political uncertainty. Nor will it halt the dash for D-Marks which lies



at the heart of the currency market turbulence.

Other currencies within the ERM risk being pushed aside in this stampede to quality. The Belgian franc's resilience remains a striking phenomenon. Belgium's proportion of debt to gross domestic product - 140 per cent - is an astonishingly high figure for a monetary union aspirant. The currency is partly sustained by the unusually high proportion of debt held by domestic institutions, but the Belgian franc could yet suffer pressure.

Then there is the French franc, which has touched a historic low against the D-Mark. True, the currency would need to fall 8 per cent before it challenged ERM limits. And fundamentals remain strong: French inflation is lower than German. But the polls have raised concerns that opponents of Mr Balladur less committed to monetary union than the French prime minister could still become president. If Mr Balladur wins, he will still have to steady market nerves, demonstrating he can take decisions which meet long-term rather than populist requirements.

ING/Barings

The adage that ING is the TSB of Dutch finance is typical of the snobbery that pervades much of the City of London. It is also off the mark. Part of ING is the old Dutch postal bank, not unlike the UK's TSB. But ING is also a leader in emerging country finance. It knows more about trading and derivatives than many rivals - certainly more than collapsed Barings.

The fit looks good, particularly in emerging markets where ING's debt

expertise will complement Barings' position in equities. Still, the bank is not coming cheap given that ING is having to pump in \$880m. Subtract the \$450m that Barings Asset Management would be worth - if valued at 1.5 per cent of funds under management - and the remaining businesses are being bought for book value. Many investment banks whose reputations are not as tarnished as Barings trade on a discount to book value.

How good the deal is will largely depend on whether ING can keep Barings' staff. That is why criticism of the bonuses being paid to Barings staff is muddle-headed. If bonuses were not paid, the best staff would walk. Those responsible for the catalogue of management failures that led to Barings' collapse are the exception. It is not enough for them merely to forgo their bonuses, as ING made clear. Their heads must roll. ING shareholders should be worried if they do not.

Goodwill accounting

Few accounting topics are quite so contentious as the treatment of goodwill, particularly the goodwill which arises when one company buys another at a premium to the acquired company's net tangible assets. UK finance directors cherish the right to get rid of the intangible substance by writing it off against reserves, whereas elsewhere in the world companies tend to capitalise it on the balance sheet and amortise it against profits over a number of years.

Within a matter of months, the UK's Accounting Standards Board will address the issue. The ASB knows that whatever it proposes will bring a storm of protest, so it will attempt to defuse criticism by holding public hearings on the subject. Its inclination is to oblige companies to capitalise goodwill and write it off. It is also considering allowing companies to pursue the arcane "dangling deficit" alternative, whereby companies write goodwill off against reserves but still show it on the balance sheet.

The ASB should take a bold, uncompromising stance and force companies into line with the rest of the world. Letting a company write off goodwill against its balance sheet shrinks its asset base and makes measurement of performance intensely difficult. Companies should have to put it on their balance sheets and write it off against profits, unless it can be proven that its value has deteriorated. Debits should not be allowed to dangle.

Dasa and Samsung plan to develop aircraft with China

By Michael Lindemann in Bonn

Daimler-Benz Aerospace (Dasa) yesterday signed an agreement with a South Korean consortium, including the Samsung group, to develop regional aircraft in partnership with a Chinese company. The agreement is the third leg of a joint venture between the Korean consortium and Aviation Industries of China, and between Aviation Industries and Dasa, which agreed on a partnership in December.

The regional aircraft market is crowded, with at least 17 manufacturers. Established manufacturers expect competition to increase as emerging Asian countries attempt to establish their own aerospace industries.

The new German-Korean alliance comes just weeks after Dasa was excluded from a new regional aircraft alliance between British Aerospace and the Franco-Italian ATR consortium. Dasa said at the time: "All-Eu-

ropean solutions are no longer sufficient to safeguard the future. Daimler-Benz thinks it necessary to pass European borders and extend activities to Asian countries."

Yesterday, Dasa said the three-way joint venture hoped to find further partners in Asia, while the "door in Europe also remains open" to other interested companies.

The German and Korean companies signed a memorandum of understanding on the first day of a visit to Germany by Mr Kim Young-sam, the South Korean president.

Samsung Aerospace Industries represented the Korean involvement in its role as the leading member of the Korean Aircraft Development Consortium, an alliance which also includes Daewoo Heavy Industries, Korean Air and Hyundai Technology Development.

The new venture will prepare a feasibility study and hopes to

build a jet, capable of seating 100-120 passengers, sometime after 2000 as a replacement for the 100-seat aircraft made by Fokker, the embattled Dutch aircraft maker which was bought by Dasa in 1988. Fokker last week said it would cut 1,700 workers because of weak demand for its aircraft.

It remains unclear when specific proposals will emerge from the feasibility study. A 120-seat aircraft would cost up to DM30m (\$13.8m) to develop, but final costs would depend largely on whether the aircraft is equipped with a completely new engine, Dasa said.

The three partners had not yet decided how the work and the costs would be shared, it added.

Dasa has repeatedly said it wants to become Europe's leading aircraft manufacturer and is estimated to have spent at least DM300m to restructure Fokker, which makes 60-seat turboprop aircraft and 70-seat and 100-seat jets.

Currencies

Continued from Page 1

trading while German government bonds were up about a quarter of a point in generally weaker European bond markets.

The weakness of the dollar depressed shares in London, where many leading companies have substantial earnings from the US. The FT-SE 100 index fell 23.2 points to 3001.9, having dipped below 3,000 in early afternoon trading. Shares were also generally weaker in Europe.

Mexican peso hits new low

Continued from Page 1

had previously tolerated an exchange rate appreciation, whereas its new regime offers a possibility of a depreciation of up to 15 per cent by May. "Better be six months late than six years late as in Mexico," said Mr Arturo Porzecanski, an economist with ING Securities in New York.

The Mexican developments and the change in the Brazilian currency regime put further

pressure on Argentina, facing a battle to defend its currency parity. The government announced more measures, including the use of \$500m of World Bank credit to reduce the risk of default by private companies.

The Mexican peso dropped to 6.875 against the dollar in early morning trading, against 6.325 at Friday's close, bringing the depreciation of the currency since its flotation in December at close to 50 per cent. It was briefly quoted at 7 to the dollar.

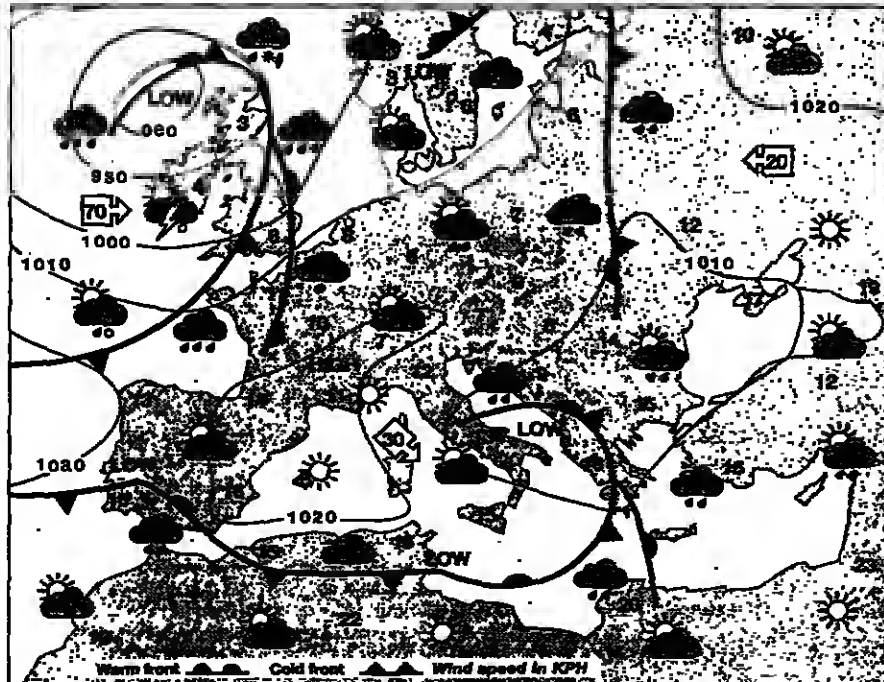
FT WEATHER GUIDE

Europe today

A frontal system, associated with an active depression north of Ireland, will bring outbreaks of rain or sleet to England and Scotland. In the wake of this front, cold and unstable air will be drawn into Ireland, bringing wintry showers, some with thunder. Later today, north-west France and northern sections of Portugal and Spain will have rain. It may also rain in southern Spain due to a low pressure system. The Benelux, Germany, southern Scandinavia and the Alps will have a few morning showers, but in the afternoon, they will be dry with sunny periods. Across Italy and Greece, conditions will improve. Western Turkey and the Balkan states will stay rather cloudy with outbreaks of rain or showers. Southern Russia will remain dry with plenty of sunshine and spring-like temperatures.

Five-day forecast

Conditions will stay cool and unsettled across western Europe, due to a series of active depressions. Southern Europe will have frequent thundery showers or periods of rain. However, Greece and Turkey will become dry with plenty of sunshine and temperatures increasing every day.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteorological Service of the Netherlands

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 24	Belgrade	show 14	Cairo	show 18	Faro	show 18
Accra	sun 24	Berlin	show 14	Chengdu	show 18	Frankfurt	show 18
Algiers	sun 24	Bombay	sun 24	Colombo	show 18	Geneva	show 18
Amsterdam	sun 18	Buenos Aires	sun 24	Dakar	show 18	Hamburg	show 18
Athens	sun 18	Calcutta	sun 24	Delhi	show 18	Heidelberg	show 18
Bahia	sun 24	Chongqing	show 18	Dubai	show 18	Helsinki	show 18
Bangkok	sun 24	Cebu	show 18	Durham	show 18	Hong Kong	show 18
Bombay	sun 24	Chongqing	show 18	Edinburgh	show 18	Kobe	show 18
Buenos Aires	sun 24	Colombo	show 18	Geneva	show 18	London	show 18
Buenos Aires	sun 24	Dakar	show 18	Heidelberg	show 18	Luxembourg	show 18
Buenos Aires	sun 24	Delhi	show 18	Helsinki	show 18	Madrid	show 18
Buenos Aires	sun 24	Dubai	show 18	Hong Kong	show 18	Moscow	show 18
Buenos Aires	sun 24	Durham	show 18	Kobe	show 18	New York	show 18
Buenos Aires	sun 24	Edinburgh	show 18	London	show 18	Osaka	show 18
Buenos Aires	sun 24	Geneva	show 18	Luxembourg	show 18	Paris	show 18
Buenos Aires	sun 24	Heidelberg	show 18	Madrid	show 18	Perth	show 18
Buenos Aires	sun 24	Helsinki	show 18	Moscow	show 18	Prague	show 18
Buenos Aires	sun 24	Hong Kong	show 18	New York	show 18	Rangoon	show 18
Buenos Aires	sun 24	Kobe	show 18	Osaka	show 18	Singapore	show 18
Buenos Aires	sun 24	London	show 18	Paris	show 18	Taipei	show 18
Buenos Aires	sun 24	Luxembourg	show 18	Perth	show 18	Tokyo	show 18
Buenos Aires	sun 24	Madrid	show 18	Prague	show 18	Winnipeg	show 18
Buenos Aires	sun 24	Moscow	show 18	Rangoon	show 18	Zurich	show 18
Buenos Aires	sun 24	New York	show 18	Singapore	show 18		
Buenos Aires	sun 24	Osaka	show 18	Taipei	show 18		
Buenos Aires	sun 24	Paris	show 18	Tokyo	show 18		
Buenos Aires	sun 24	Perth	show 18	Winnipeg	show 18		
Buenos Aires	sun 24	Prague	show 18	Zurich	show 18		

We can't change the weather. But we can always take you where you want to go.

Lufthansa

Without us,
asthma would take
their breath away.

Five million UK asthmatics count on pharmaceutical inhalers to deliver precise drug doses that relieve their symptoms. So news that CFC propellants used by such inhalers would be phased out caused a sharp intake of breath, particularly since conventional seals were not suitable for the replacement propellants.

Help came from John Crane Polymer Engineering, the leading developer of inhaler seals. Their new rubber formulation for the seals ensured the integrity of the aerosol measuring chamber and the valve transmission process - no matter which replacement propellant was used - without affecting drug stability and performance.

Thanks to John Crane, asthmatics can breathe a sigh of relief.

John Crane is one of TI Group's three specialised engineering businesses, the others being Bandy and Dowry. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers, Worldwide.



TI GROUP

WORLD LEADERSHIP IN SPECIALISED ENGINEERING

For further information about the TI Group, contact the Department of Public Affairs, TI Group plc, Lambourn Court, Abingdon, Oxon OX14 1UH, England.

EX 111 150

THE BARINGS CRISIS

Labour keeps up attack on role of board

By Peter Martin

The Board of Banking Supervision, which will be carrying out the investigation into the Barings collapse, was initially criticised as potentially "a cosy club of government appointees" by Mr Anthony Nelson, now the Treasury minister responsible for the City.

The decision by Mr Kenneth Clarke, chancellor of the exchequer, to refer the Barings crash to the board continues to be attacked by the Labour party.

"We want an independent, not an in-house, inquiry," said Mr Alastair Darling, Labour's City spokesman, yesterday. Mr Clarke reiterated that the board's inquiry would be independent.

When the House of Commons debated the creation of the board, Mr Nelson raised a series of questions about whether it would be independent enough. In November 1994, speaking on the second reading of what was to become the Banking Act 1987, he said: "I question whether we are involved in the cosmetic exercise of setting up a supervisory board to persuade people that something is happening but, in the end, it will be business as usual."

The bill was subsequently amended to increase the number of independent members to six, out of a total membership of nine, but Mr Nelson still queried the effectiveness of the board. At the bill's report stage, he asked for assurances that the board would be "not a cosy luncheon club but an effective watchdog body".

Mr Nelson said yesterday: "I have absolute confidence that the board will be able to fulfil the task the chancellor has set it."

The 1987 Act was passed in the wake of the Johnson Matthey Bankers crisis of 1984, which led to strong criticism of the Bank of England's supervision of deposit-taking institutions. The board's basic function is to advise the senior officials of the Bank of England on how it is exercising its supervisory powers, either in general or in specific cases. The Banking Act does not specifically cast it as an investigative body.

During the Banking Act debate, Mr Nelson expressed concern that the board might be too dominated by figures from the banking sector. "One needs experts," he said. "However, one needs a lay element, a commonsense element, to provide some input."

The board's members are: Mr Eddie George (Governor of the Bank of England); Mr Rupert Pennant-Rea (Deputy Governor); Mr Brian Quinn (the Bank's executive director in charge of banking supervision); Sir Alan Hargreaves (chairman of the Lloyd's Regulatory Board and a former head of the government's accountancy service); Mr Peter Gerard (former Stock Exchange general counsel); Mr Harry Taylor (former president of Manufacturers Hanover); Mr Jon Foulds (chairman of the Halifax Building Society); Lord Swaythling (chairman of Rothmans and a former chairman of Orion Bank); and Sir Dennis Weatherstone, former chairman of JP Morgan.

ING's successful stalking allows it to claw its way into new markets, writes Haig Simonian

The lion sleeps easier tonight



Going Dutch: Mr Cees Maas (left), chief negotiator for ING, and Mr Hessel Lindenberg, who is to be the new chief executive of Barings

The logo of Internationale Nederlanden Group (ING), the Netherlands-based financial services company which has agreed to take over Barings, is a lion, usually portrayed in red.

But it is a much more cautious beast which spent the tail end of last week stalking Barings, finally reaching agreement in principle on a takeover late on Sunday night.

ING, formed in 1991 through the merger of Nationale Nederlanden, the country's biggest insurer, and NMB Postbank, the third biggest bank in the Netherlands, has traditionally had a reputation as a rather staid group - albeit one which has recently been moving with alacrity into emerging markets.

So Mr Aad Jacobs, ING's chairman, and the man behind the pursuit of Barings, faces a considerable challenge in merging the cultures of the two businesses.

On the face of it, Barings' entrepreneurial culture, based on corporate finance skills and highly paid, independent-minded bankers, could sit uneasily inside ING.

Mixing the two will be even more difficult because the Netherlands group is only gradually overcoming its own internal frictions, between its cautious insurers and more thrusting banking side.

Still, the Nationale Nederlanden-NMB merger has given Mr Jacobs plenty of experience in developing corporate cultures. Although he was not chairman when the merger took place, it was under his leadership that the two sides learned to co-exist.

The result is one of Europe's biggest financial services groups, combining a strong position in insurance with a growing presence in international banking.

ING ranks as Europe's eighth-biggest bank by market capitalisation, based on NMB's traditional strength as a lender to small and medium-sized Dutch companies. In insurance, it is fifth.

However, ING's dominance of the relatively small Netherlands insurance market and its increasing role in domestic banking have forced it to look abroad for growth.

Western Europe has been largely shunned because of overcapacity and low margins in favour of less developed markets in South America and Asia, where growth rates and margins are higher.

More recently, these regions have been supplemented by parts of southern and eastern Europe.

ING's strategy has been to start from scratch, using whichever of its two core businesses is most appropriate to the local territory as a platform for the rest of the group. In Australia, Japan and Greece, it used insurance to gain entry.

ING's insurance side is now among the leaders in all three countries, and its foothold is being used to open the door to banking services. In South America, by contrast, banking has led the way.

Perhaps auspiciously for the Barings takeover, Mr Jacobs already sees himself as a bridge between ING's cultures. In an interview last year, he described himself as an inter-

mediary spanning the gap between the Rotterdam-based insurers and the bankers, housed appropriately in a curvaceous, avant-garde Amsterdam home.

Mr Jacobs' background has helped. Though a Nationale Nederlanden man at the merger, he says his experience dealing with banks and brokers while running the insurer's investment side gave him an insight into the world of banking.

That did not apply to all his colleagues. Some Nationale Nederlanden executives decried the bankers as being too "short-termist" and risk prone, he recalls. By contrast, senior NMB men dismissed their new colleagues for just the opposite reasons.

However, the merger has gone relatively well and ING is starting to reap the rewards of "bancassurance" - the unusual combination of banking and insurance in one group, where it is a European trend-setter.

Selling policies across bank counters has helped its insurance operation, which accounts for about two-thirds of group sales, to raise its share of the Netherlands life market by 1 per cent a year over the past two years. It now claims around a quarter of the market. The bank wrote almost 7 per cent of new life business in 1993 against only 1 per cent in 1991.

The merger has also reinforced the bank. It now offers a wider range of financial options to corporate clients by pooling its short-term lending resources with the longer-term investment funds of the insurer.

Mr Jacobs points to the purchase, and subsequent integration, of Ballast Nedam, the Dutch-based property group formerly owned by British Aerospace and now controlled by Hochtief, as an example of the formula working at its best. In that deal, ING's two sides co-operated closely to create a complex financial package for the client.

However, the merger has not overcome all its teething troubles. While the bank is increasing its sales of life policies, which are similar to its traditional savings products, more complex non-life lines are proving more difficult for non-specialists to peddle.

And the relocation of ING's top group executives from the bank's headquarters to a non-descript glass tower on the outskirts of Amsterdam hints at continuing rivalry between the two businesses.

Still, the task of integrating Barings should be helped by the fact that the British bank is strong in fields where ING is weaker.

ING has expanded fast in emerging markets banking, but still lacks the trading and research franchise for which Barings is highly regarded. Similarly, in corporate finance, ING has yet to gain the inter-

national clout which its financial muscle might suggest, being limited largely to the Netherlands.

Adding Barings' expertise in privatisations and mergers and acquisitions would plug a gaping hole. ING is already a sizeable player in fund management, thanks to the huge premiums inflows from its policyholders.

Barings Asset Management will extend its reach into third-party fund management. Furthermore, to compete for global business, ING needs a stronger presence in London.

Last October as a first step in this direction it set up a new operation in the city called ING (UK) Capital which shares a leading book with a similar entity in New York.

Integration may also be helped by ING's announcement that the three main Barings businesses will report individually to the relevant executive committees of ING - a move

which reflects the operational independence the group generally gives its units.

Mr Jacobs and his colleagues appreciate ING's shortcomings and the group had been considering an acquisition to beef up its securities and corporate finance activities for some time.

A big New York or London house was excluded because it would be too expensive and hard to digest.

But Mr Jacobs acknowledged last year that a smaller, well-regarded player would make an ideal mouthful. The drawback, he said, was the cost: ING would not pay fancy prices to get into investment banking.

Although not given to easy humour, Mr Jacobs joked at the time about the legendary tight-fistedness of the Dutch, and admitted that ING would be unlikely to find a takeover target that could meet his tough criteria - it would probably have to build up its securities and corporate finance skills internally instead.

But that was last July, well before the collapse of Barings gave ING a tempting glimpse of wounded prey.

Barings' employees will receive 1994 bonuses which will cost ING Group some £90m to £95m - but the payouts will not benefit Mr Nick Leeson, the Barings trader who allegedly brought down the bank, and certain senior executives.

Six executive directors on the board of Barings plc, the holding company of the group, have waived their payments. They include Mr Peter Baring, chairman, Mr Andrew Tuckey, deputy chairman and Mr Peter Norris, head of investment banking.

ING said there were other employees who risked not getting bonuses, which were dependent on the results of the Bank of England's investigation into the collapse.

ING said bonuses would be distributed first to the most junior staff and most would be transferred by the end of the year. It was unclear whether the gesture would stanch criticism that managers were more concerned about their own bonuses than about the creditors of the bank.

"It would be quite wrong for anyone in the senior management in Barings to receive a single penny in bonuses while the bank lies in ruins around them," said Mr Alastair Darling, City spokesman of the Labour party.

Neither ING or ARN-Amro, another Dutch bank which mounted a rival takeover bid over the weekend, have complained about Barings executives' preoccupation with remuneration. ARN-Amro was prepared to pay bonuses for 1994 plus a token of goodwill for the year ahead. But one potential UK bidder said it had found bargaining with Barings executives early last week about bonuses "distasteful".

Barings executives argued that they had acted not in their own interests but in the staff and the business. Officials said there was never any question of a deal falling on the question of remuneration. Bonuses were a contractual obligation to many equity sales and other staff, they said, and the recipients were in effect creditors of Barings.

They argued too that employees had to be rewarded to keep them loyal. An executive at Barings Securities, the stockbroking and market-making business, said: "It is the price of saving the people - and the business."

One of the first actions of Barings executives, concerned about staff defections, was to inform them of the hours arrangements agreed with ING. Mr Michael Baring, acting chairman of Barings Securities, told London-based employees that ING would "preserve" their bonuses.

At Barings Asset Management, bonuses to key employees will be staggered to ensure they remain with the group, according to Mr Peter Hartley, a managing director.

"It was imperative that ING agree to pay the bonuses in order to lock in staff," Mr Hartley said. Without that guarantee, the most marketable members of staff would have been likely to defect, taking clients with them.

■ SINGAPORE EXCHANGE - By Nikki Tait in Singapore and Nicholas Denton in London

Barings calmed Simex fears on February 8

Officials of Simex, the Singapore exchange, told Mr Tony Hawes, Barings group treasurer, on February 8 of their concerns about positions built up by Barings Futures (Singapore), the derivatives operation run by Mr Nick Leeson.

At the time of the meeting in Singapore, however, Barings Futures had substantial long positions in futures on the Nikkei 225 index - Mr Leeson was betting on a rise in the Japanese stock market.

In January and February, Barings profited from Barings Futures with about \$50m to finance margin calls on the long positions, which declined in value as the Japanese market fell.

But from January 26 until the end of last month when Barings collapsed, senior management in charge of risk were being told that the Simex positions were not long, but short.

A member of the asset and liability committee (ALCO) on which Mr Hawes also sat, said it was told that Mr Leeson was operating a perfectly matched trading book. He was, Alco was informed, arbitraging between the Osaka Stock Exchange and Simex markets for Nikkei futures, to take advantage of small price differences between the exchanges. Alco was given to understand that Barings Futures was long in Osaka and short to the same amount in Singapore. A

participant in the meeting between Mr Hawes and Simex said the conversation centred on the size of the positions rather than whether they were long or short.

He said Simex focused on how Barings would meet its advance payments, which depended on the size of the futures position, rather than the margin calls, which increased as the contracts lost value.

Barings executives said they expected that the inquiry into the collapse of the bank would focus on the apparent contradiction between the true positions in Singapore and the information presented to Alco.

Confirmation of Mr Hawes' meet-

ing with Simex officials came in a letter from Barings to Simex officials on February 10, which put in writing the group treasurer's verbal assurances. Lawyers for Simex said yesterday that they now knew this letter had been cleared in London.

Barings stated in the letter that it would monitor its Barings Futures (Singapore) unit every day. It indicated that there was no risk of the Singapore unit falling as it was dealing with Barings group units.

It said immediate action would be taken if the situation deteriorated and gave assurances that more funds would be made available if necessary to support Barings Futures.

At the meeting, Mr Hawes had told Simex that Barings was aware of Barings Futures' commitments to Simex. He said the bank had credit facilities in place to accommodate these.

Mr Hawes also said that the bank was aware of all open positions held by BFFS. Finally, he assured regulators that Barings would write to the exchange to put these assurances on paper. However, he did not inform them of the conclusions of the January 26 meeting of the asset and liability committee in London, which had determined that Mr Leeson should "be advised that positions should not be increased and where possible reduced".

Yesterday, after spending a weekend alone, Mr Leeson met Mr Eberhard Kempf, his German lawyer to discuss ways in which he might fight extradition to Singapore.

Mr Leeson told Mr Kempf that he wanted to receive prison visits only from his lawyers and his wife, Lisa.

A lawyer from Kingsley Napley, the London-based law firm, which specialises in white-collar crime cases, is expected to visit Mr Leeson today to discuss future legal moves, which could include his return to the UK. Three offi-

■ NICK LEESON - By Nikki Tait in Singapore

Trader's faxed letter offered 'sincere apologies'

Nick Leeson, the futures trader at the centre of the Barings bank collapse, blamed extreme stress for his decision to leave Singapore on Thursday, February 23, the day before directors in London began to mount an ultimately unsuccessful rescue effort for the bank.

In a handwritten letter faxed to his immediate superiors in the Barings Futures (Singapore) office on February 24, Mr Leeson offered "sincere apologies for the predicament that I have left you in".

"It was never my intention or aim for this to happen but the pressures, both business and personal, have become too much to bear and after receiving medical advice have affected my health to the

extent that a breakdown is imminent. In the light of his actions, he was tendering his resignation immediately, and promised to make contact early in the following week "to discuss the best course of action".

The letter, printed in a Singapore newspaper yesterday, was written in an even but slightly florid script. It was faxed from the Regent Hotel in Kuala Lumpur, where Mr Leeson is known to have spent Thursday night before moving to a resort in north Malaysia.

The letter was marked for the attention of Mr Simon Jones, a director of BFFS, and Mr James Bax, who headed Barings' securities operations in Singapore.



Breakdown was 'imminent'

Mr Jones' lawyer - apparently surprised at its release - confirmed that the letter was authentic.

In Singapore, the Barings Brothers office was open for

business yesterday, although no one had yet taken over use of the BFFS facilities on the Simex floor. The desks remained forlornly empty amid the trading hubbub.

■ EXTRADITION - By Jimmy Burns

UK 'must make a strong case'

A British lawyer is working on behalf of the Serious Fraud Office to have Mr Nick Leeson extradited to the United Kingdom, Germany's Supreme Court prosecutor, Mr Hans-Hermann Eckert, said yesterday.

However, Mr Eckert, speaking in Frankfurt, said that extradition to the UK would only be granted if a strong case was made against Mr Leeson for deceiving the bank.

"If (Leeson) only did what Barings wanted, then the British courts have no jurisdiction," Mr Eckert said.

The SFO refused to comment specifically on Mr Eckert's statement, although it repeated it did not believe it had sufficient grounds yet to press for extradition.

The SFO is understood to have announced last week that it was launching its inquiry into possible fraud at Barings because UK banking officials and police thought that Mr Leeson was about to be

released by German police. One of the SFO's senior police investigators, detective superintendent Jerry Ohlson, returned to the UK at the weekend from Frankfurt where he is thought to have told German authorities of the SFO's interest in questioning Mr Leeson.

The decision to send Mr Ohlson was taken at the highest level after the German prosecuting authorities had expressed doubts about documents initially presented by the Singapore government to back up its extradition claim against Mr Leeson.

The Singaporean authorities are expected to lodge further charges against Mr Leeson before he appears at the end of the week in front of an examining magistrate.

Mr Eckert said the grounds for the extradition to Singapore will be put to Mr Leeson at the hearing. Lawyers acting for Mr Leeson are expected to use the hearing to press for

bail. "If he (Mr Leeson) said he was willing to go to Singapore it could happen at once, but he certainly won't do that because his aim is to get to England," Mr Eckert said.

Mr Leeson has been held since last Friday in a prison in Höchst, on the outskirts of Frankfurt, after being detained by airport police as he tried to make his way to London from the Far East.

Yesterday, after spending a weekend alone, Mr Leeson met Mr Eberhard Kempf, his German lawyer to discuss ways in which he might fight extradition to Singapore.

Mr Leeson told Mr Kempf that he wanted to receive prison visits only from his lawyers and his wife, Lisa.

German lawyers acting for Mr Leeson described the initial charges as "not very believable", and said they expected that further charges would focus on an allegation of breach of trust - the withholding of information from the bank - which is an offence under German law.

German prison authorities said yesterday that Mr Leeson appeared to be "in good spirits". Mr Leeson has a radio and a TV in his cell and is allowed to visit the prison library but he has no access to a telephone. He is allowed an hour or two of free time in an enclosed park-like area and also has access to a sports field enclosed by a 20-foot-high concrete wall topped with barbed wire.

■ BONUSES

Payouts promised to keep staff loyalty

By Nicholas Denton and Norma Cohen

Barings' employees will receive 1994 bonuses which will cost ING Group some £90m to £95m - but the payouts will not benefit Mr Nick Leeson, the Barings trader who allegedly brought down the bank, and certain senior executives.

Six executive directors on the board of Barings plc, the holding company of the group, have waived their payments. They include Mr Peter Baring, chairman, Mr Andrew Tuckey, deputy chairman and Mr Peter Norris, head of investment banking.

ING said there were other employees who risked not getting bonuses, which were dependent on the results of the Bank of England's investigation into the collapse.

ING said bonuses would be distributed first to the most junior staff and most would be transferred by the end of the year. It was unclear whether the gesture would stanch criticism that managers were more concerned about their own bonuses than about the creditors of the bank.

"It would be quite wrong for anyone in the senior management in Barings to receive a single penny in bonuses while the bank lies in ruins around them," said Mr Alastair Darling, City spokesman of the Labour party.

Neither ING or ARN-Amro, another Dutch bank which mounted a rival takeover bid over the weekend, have complained about Barings executives' preoccupation with remuneration.

ARN-Amro was prepared to pay bonuses for 1994 plus a token of goodwill for the year ahead. But one potential UK bidder said it had found bargaining with Barings executives early last week about bonuses "distasteful".

Barings executives argued that they had acted not in their own interests but in the staff and the business. Officials said there was never any question of a deal falling on the question of remuneration. Bonuses were a contractual obligation to many equity sales and other staff, they said, and the recipients were in effect creditors of Barings.

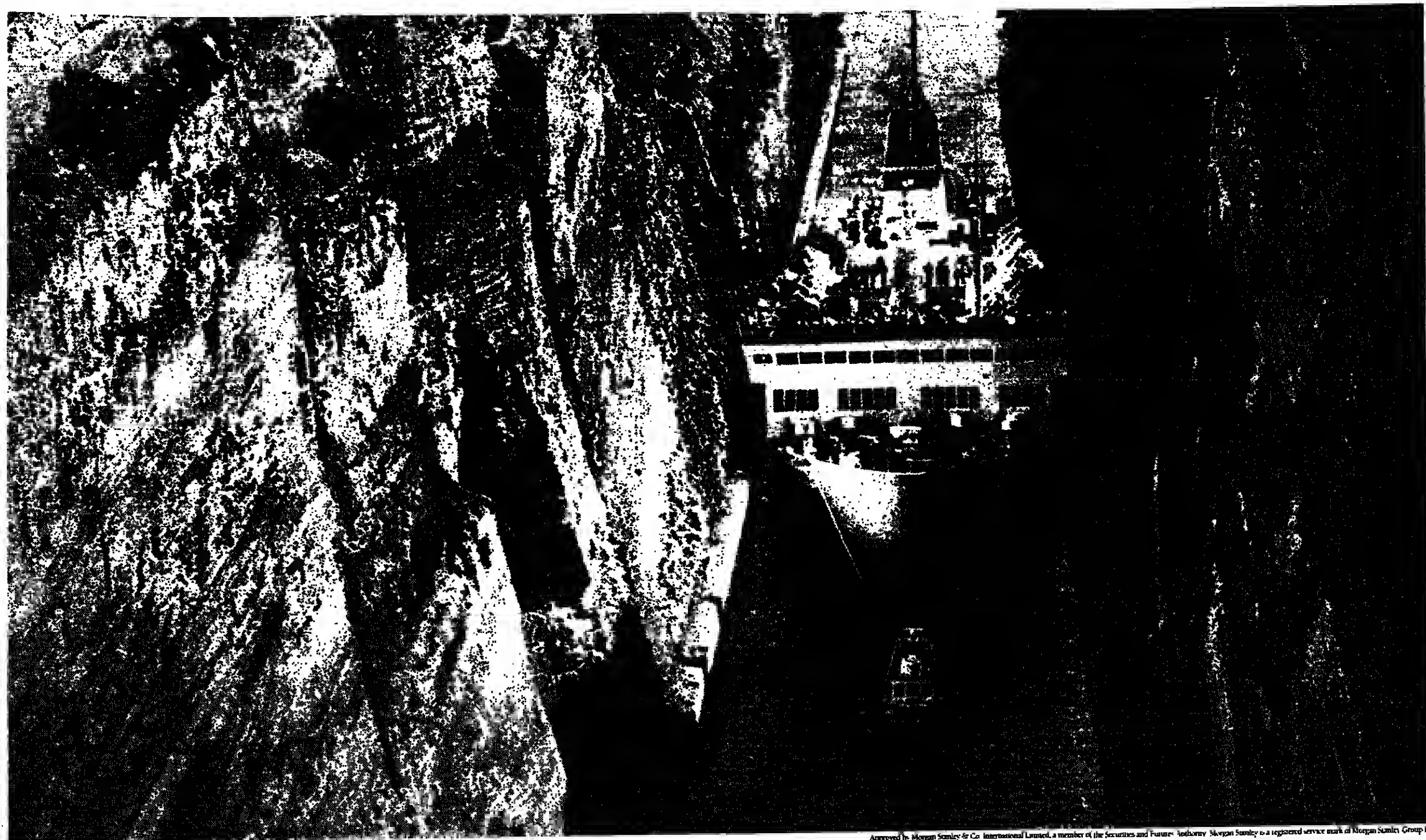
They argued too that employees had to be rewarded to keep them loyal. An executive at Barings Securities, the stockbroking and market-making business, said: "It is the price of saving the people - and the business."

One of the first actions of Barings executives, concerned about staff defections, was to inform them of the hours arrangements agreed with ING. Mr Michael Baring, acting chairman of Barings Securities, told London-based employees that ING would "preserve" their bonuses.

At Barings Asset Management, bonuses to key employees will be staggered to ensure they remain with the group, according to Mr Peter Hartley, a managing director.

"It was imperative that ING agree to pay the bonuses in order to lock in staff," Mr Hartley said. Without that guarantee, the most marketable members of staff would have been likely to defect, taking clients with them.

CPD 1150



Approved by Morgan Stanley & Co. International Limited, a member of the Securities and Futures Authority. Morgan Stanley is a registered service mark of Morgan Stanley Group Inc.

You're moving a \$2 billion portfolio through 11 markets in 11 days. And you have zero room for error.

You've had a lot of experience in managing global portfolios, but when your company merged with two others, they handed you a \$2 billion headache.

Twenty-three portfolios, three strategies and less than two weeks to rationalise and reinvest them.

Not a task for an ordinary trading firm.

That's why you began by holding a competition for the assignment. And hired the firm that did the most unexpected thing.

Instead of coming to you with a marketing presentation and a troop of people, they brought you a solution. A computer-designed model outlining a plan for the entire deal.

Trades broken down into manageable pieces that would float through the markets unnoticed. Hedges in place at every turn. Every transaction accounted for. With no cash balances at the end of each day.

And a complete pricing breakdown — for you to sign off on and for them to live up to.

You know they'll come through.

MORGAN STANLEY

Bombay Chicago Frankfurt Hong Kong London Los Angeles Luxembourg Madrid Melbourne Milan Moscow New York Paris San Francisco Seoul Shanghai Singapore Taipei Tokyo Toronto Zurich

INTERNATIONAL COMPANIES AND FINANCE

Matif poised to gain direct access to UK market

By Andrew Jack in Paris

The UK Treasury is poised to approve plans that will give Matif, the French financial futures exchange, direct access to the UK market.

In an announcement expected today, the UK government will declare that it has no objections to the French market authorities offering their services within the country as a "recognised investment exchange".

Under the terms of the agreement reached with the French government, the London International Financial Futures Exchange will simultaneously be granted identical rights of access to the French market.

The decision marks a significant increase in the powers of access to foreign markets for financial exchanges in European Union states.

It is particularly important given the intense rivalry between the French and UK futures exchanges.

Once formal approval is granted, Matif will have the right to advertise its products in the UK, to market directly to trading houses within the country and to install trading screens so that its contracts can be bought and sold directly.

Matif's first move is likely to be to offer traders in London access to its Globex electronic trading system, which operates at all times outside normal operating hours of the "open outcry" Paris market.

Over time, Matif may also give access to UK-based institutions to the two products it is to offer later this year through electronic trading to the Deutsche Terminbörse, its counterpart in Frankfurt.

In theory, Liffe can offer the same services in France, although its commitment to trade in open outcry - which is incompatible with simultaneous electronic trades - may put it at a disadvantage.

The UK Treasury's decision follows a report into the proposed by the Office of Fair Trading published on December 23 last year, which concluded that there would be no significant anti-competitive effects.

Mutual recognition of exchanges between EU member states will become mandatory from next year, with the implementation of the investment services directive. However, many European exchanges still have to make substantial changes to their regulations before this can take place.

Mr Gérard Piau, chairman of Matif, was unavailable for comment yesterday. However, he said shortly after publication of the OFT report that it was a wonderful "Christmas gift".

Matif's first move is likely to be to offer traders in London access to its Globex electronic trading system, which operates at all times outside normal operating hours of the "open outcry" Paris market.

Texasgulf sold by Elf Aquitaine for \$810m

By John Riddling in Paris

Elf Aquitaine, the French oil group, yesterday announced that it had agreed to sell its Texasgulf phosphates business to the Potash Corporation of Saskatchewan for \$810m.

The sale, which has been agreed with the Williams Companies of the US, Elf's partner in Texasgulf, reflects the French group's strategy of disposing of non-core businesses to reduce debts.

In a joint statement, Elf and Williams, an oil transport and telecommunications group, said the decision to sell the business to the Canadian company would result in a suspension of a planned public offering for Texasgulf.

The offer had been announced in January, when Mr Philippe Jaffré, Elf's chairman, said he was taking a \$810m (\$810m) provision for Texasgulf in the accounts for 1994.

The write-down of Texasgulf, one of a series of provisions, contributed to a net loss of \$810m for 1994, the first deficit in Elf's history.

It also reflected the fall in value of the US company, acquired in 1981 for about \$810m. Elf subsequently integrated the oil activities of Texasgulf into its oil and gas division.

Texasgulf is one of the world's largest phosphates producers. It makes and sells solid and liquid fertilisers, animal feed supplements and purified phosphoric acid.

Phosphate fertilisers have seen a significant price improvement since the beginning of 1994, but the trend over recent years has been for a decline in demand.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to \$810m from \$810m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested \$810m in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

Control of San Paolo di Torino to change

By Andrew Hill in Milan

The charitable foundation which owns 74 per cent of Istituto Bancario San Paolo di Torino, one of Italy's largest banking groups, plans to give up majority control of its banking activities after more than four centuries in charge.

Gruppo Bancario San Paolo, the foundation's wholly owned subsidiary, said yesterday it would place "a significant further tranche" of its stake in the bank with Italian and foreign investors before the end of this year.

The privatisation of San Paolo di Torino should give further impetus to liberalisation of Italy's banking sector.

Statutes which prevent the foundation from reducing its stake in the bank below 51 per cent will be abolished, taking advantage of a law passed last year aimed at loosening the hold of public foundations over the banking sector.

Having formed a "stable nucleus" of shareholders in San Paolo di Torino, the foundation could offer further shares to the public during 1996, depending on market conditions. The core shareholding could amount to about 40 per cent of the bank's total capital, of which about a quarter would be in the hands of foreign institutions.

The bank also announced yesterday that it was seeking shareholders' authority to increase its nominal share capital from L7,429bn to L10,000bn (L6bn) if necessary, through an issue of convertible bonds.

The move would give San Paolo di Torino the flexibility to proceed with the merger with Banca Nazionale delle Comunicazioni, which is controlled by Italy's state railway company, without having to ask shareholders. It would also allow the bank to raise money for shares in forthcoming privatisation issues, including the sale of Stet, the telecoms holding company, Enel, the electricity company, and Eni, the energy and chemicals group.

Since becoming Italian treasury minister in the Berlusconi government, Mr Lamberto Dini, now prime minister, has pressed for the foundations to sell more shares in the banks. The aim has been to reduce local political influence over the financial system and improve efficiency. Leading Italian industrialists and the Bank of Italy have also called for greater liberalisation.

In 1992, the San Paolo charitable foundation, founded in Turin in 1563, became one of the first foundations to take advantage of new rules allowing public institutions to float off their bank holdings, when it launched an international offer of shares.

Time running out for Olivetti's promises

Computer group is expected to report L500bn loss despite shake-up, writes Andrew Hill

It is never easy being the odd one out, as Olivetti, the Italian computer group, is just discovering.

Other big names of Italian industry are poised to demonstrate a strong recovery with their results for the 1994 calendar year. Olivetti, on the other hand, is expected to report a net loss for 1994 of about L500bn (L500bn), slightly worse than in 1993, and will fail, albeit narrowly, to meet its own target of breaking even at operating profit level.

As the owes has filtered out, the group's share price, which reached a peak of more than L3,000 during 1994, has slipped down to about L1,900, weighed down by some analysts' warnings that the shares could go as low as L1,600.

Yet last May, Mr Carlo De Benedetti, the group's chairman and, through other quoted companies, its dominant shareholder, forecast that Olivetti was poised to "reap the benefits of a sweeping structural reorganisation". What has gone wrong?

The group's results should be announced formally at the end of next month or beginning of May, later than usual because of the need to bring the accounts in line with new European standards. But in discreet briefings of investors and analysts the company has tried to get across the message that there are no fundamental problems.

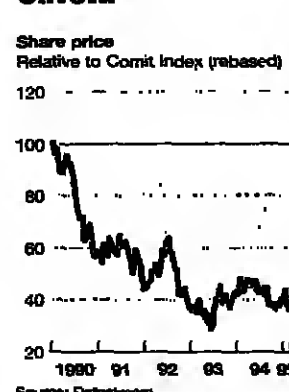
Mr Corrado Passera, Olivetti's chief executive, is soldiering on with the 1993-1995 restructuring programme to which his boss referred, and is still on course to cut sales, general and administrative costs to less than 18 per cent of turnover this year.

Indeed, the group accelerated the restructuring during 1994, cutting staff by about 2,000, whereas the original plan was that redundancies would be offset by the hiring of new staff last year.

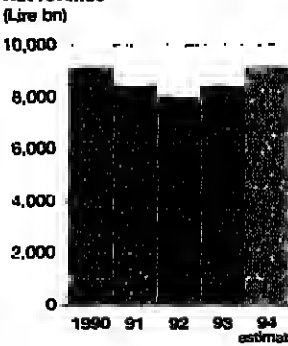
The group has also finally merged its services and systems divisions, which should help cut costs further.

That has pushed up extraordinary charges, a price Olivetti is willing to pay in return for greater efficiency. Added to interest payments on increased net debt, and an extraordinary trading loss of some L130bn on its investment portfolio, heralded when Olivetti announced its interim results in September, it is easy to see how the group has managed to lose

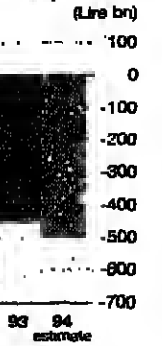
Olivetti



Net revenue



Net profit/loss



L500bn at the bottom line. What worries analysts more is the apparent erosion of Olivetti's market share and margins in the personal computer sector. The personal computer division accounts for about 20 per cent of the group's L9,000bn annual turnover, and in volume terms PC sales rose by almost 30 per cent last year.

But income from PCs is still not enough to cover the commercial network and research and development expenditure, and the losses are unlikely to be reversed until 1996.

While market share by volume has dropped, the group is simultaneously moving into higher value, lower volume products, increasing its share of the higher end of the market. Analysts believe, however, that Olivetti misjudged the extent of last year's price decreases. It was an excusable error in a cut-throat market.

but as Mr Brian Pearce of Dataquest, the technology research consultancy, points out: "Getting it right is what is sorting the men from the boys at the moment."

While it completes work on turning round the PC division, Olivetti suffers from the reputation of being a "jam tomorrow" stock, always promising exciting returns around the corner.

When the group's new Telemedia division, which brings together Olivetti's existing multimedia interests, was launched last year, the potential size of the worldwide information market was put at \$3,000bn, but the division's turnover for 1994 was forecast to reach only L325bn. Similarly, although Olivetti has a 35.7 per cent stake in Omnitel Pronto Italia, the international

consortium which will launch Italy's second digital mobile phone network later this year, it will take four years for Omnitel to break even.

The combination of these factors has encouraged speculation - dismissed by Olivetti - that the group will have to return to the market with a rights issue in the next year or so, to ease the burden of debt.

Olivetti does have the flexibility to issue further paper: last year it received shareholders' authority for the issue of up to L2,000bn of bonds, and shares with a nominal value of up to L1,000bn over five years. But within the last two years, the company has launched a L575bn convertible bond issue and a L902bn issue of shares and bonds, and further dilution of potential earnings would be poorly received.

The problem for investors is how and when to decide whether Olivetti's promises will be realised. The formal 1994 results are unlikely to add much to what is already known about the group's position. Some analysts believe Olivetti would be better seeking a partner to help develop its troublesome PC division, but in any case it will only become clear at the end of this year whether efforts to restructure the PC business are paying off.

Meanwhile, it looks as though the Italian group will have to ask for just a little more patience from its shareholders. After nearly five years without a dividend, this is a virtue which is beginning to look slightly worn.

Austrian Airlines expects return to black this year

Austrian Airlines expects to return to profit for 1995 after several years of losses, Mr Fritz Othi, the airline's chief financial officer, said yesterday. Reuter reports from Zurich.

The airline, which is 51 per cent state-owned, plans to boost turnover by 9 per cent in 1995 to Sch11.7bn (\$12.2bn), he said.

Profits will also be boosted by continued restructuring measures. The company on Friday

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

reported that its pre-tax loss in 1994 was cut to Sch804.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

STORA 1994 SUMMARY OF YEAR-END REPORT ON OPERATIONS

SALES AND EARNINGS

The Group's invoiced sales in 1994 amounted to SEK 48,894 million (50,435). After adjustment for divested units, invoicing increased by SEK 5,703 million, corresponding to 13 per cent.

Operating income totalled SEK 4,367 million (2,197). Income included items of a nonrecurring nature in a net amount of SEK 581 million (140).

Income after net financial items amounted to SEK 3,217 million (529). Income per share was SEK 31.70 (10.90). Adjusted for nonrecurring items, income per share was SEK 25.35 (9.30).

MARKET SITUATION

The economic trend was favourable in Europe, North America and Southeast Asia during 1994.

Consumption in Europe increased in all of the Group's product areas. The increases varied between 6 per cent for newsprint and 16 per cent for coated fine papers. Group deliveries in 1994 increased by a total of 6.4 per cent to 6,924,000 tons.

Average capacity utilization within the Group totalled 95 per cent, up six percentage units during the year.

The sales prices within the Group's product areas increased gradually during the year as a result

of the favourable demand and the improvements in capacity utilization.

INVESTMENTS

Investments in plant during the year totalled SEK 3,249 million (3,327), including SEK 2,046 million (1,870) in Sweden. Planned depreciation was SEK 3,566 million (3,785).

DIVIDEND PROPOSAL

The Board of Directors is proposing a dividend of SEK 10.00 per share.

5:1 SHARE SPLIT

The Board will propose to the Annual General Meeting that a share split be implemented, whereby the par value of the share will change from SEK 25 to SEK 5.

ANNUAL GENERAL MEETING

STORA's Annual General Meeting will be held on Tuesday, May 9, 1995 in Falun, Sweden.

The complete report may be ordered from STORA, Corporate Communications, S-791 80 FALUN, Sweden. Tel: +46 (0)23 73 10 00. Fax: +46 (0)23 253 29.

STORA

National Power
NYSE Symbols: NP (fully paid)
NPPP (partly paid)

SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY
1 ADR equals 4 ordinary shares

Established by
THE BANK OF NEW YORK

For information please contact
Kenneth A. Lopian (212) 615-2084 in
New York, or Diana E. Barham
(071) 322-6338 or Michael McAuliffe
(071) 322-6336 in London.

This announcement appears as a matter of record only.

FIDELITY FUNDS
Société d'Investissement à Capital Variable
Kansallis House - Place de l'Etoile
L-1021 Luxembourg
R.C. Luxembourg B 34.036

Fidelity Funds has declared a dividend in respect of shares of Fidelity Funds - Sterling Bond Fund in issue at the close of business on January 31, 1995, of £0.0045 pounds, sterling (10.45 pence) per share. In the case of registered shares, dividends will be paid or reinvested in additional shares of Sterling Bond Fund, as appropriate, on March 15, 1995; dividend cheques not cashed within 5 years will lapse and the dividend will revert to Fidelity Funds.

In the case of bearer shares, dividends will be paid to holders of bearer shares in sterling (or by arrangement with the Paying Agent and at the cost of the shareholder, in any other currency) against tender of the relevant coupon (coupon 17) to:

Bankers Trust Luxembourg S.A.
P.O. Box 807
14, boulevard F.D. Roosevelt
Luxembourg
(Luxembourg Paying Agent)

Fidelity Investments

Commodity & Financial History on Compact Disk

Discover the historical prices and fundamental information on over 100 commodities. By viewing everything you need in one easy-to-use source, CRB InfoTech helps you perform analysis, forecasting, modeling, presentations and data review.

25 YEARS OF HISTORICAL PRICES FOR CASH, FUTURES, OPTIONS AND INDEX MARKETS

25 YEARS OF FUNDAMENTAL INFORMATION ON OVER 100 COMMODITIES

Similar to the information found in the CRB Commodity Year Book, the table of the future industry, in addition to historical data, CRB InfoTech also provides daily price analysis via AP-Trade, Knight-Ridder's software specifically designed to download and report end-of-day prices directly into your database.

INFORMATION Available Via
KR Home, 75 First Street, London EC4A 3HF
Tel: +44 (0)171 847 4165

Inter Capital Limited
U.S. \$50,000,000
Floating Rate Notes
due 1997

For the 10 months ending March 31, 1995, the Notes will carry an interest rate of 4.512% per annum with a coupon amount of U.S. \$399.31 per U.S. \$10,000 Note and U.S. \$9,992.94 per U.S. \$250,000 Note, payable on 6th September, 1995.

Bankers Trust Company, London Agent Bank

Mistral International Limited
US\$1,100,000,000
Variable rate notes 2005

The notes will bear interest at 6.825% per annum for the interest period 7 March 1995 to 7 June 1995 interest payable on 7 June 1995 will amount to US\$17,441.67 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company

USD 10,000,000,000 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED

SERIE N°76 SGA SOCIETE GENERALE ACCEPTANCE NV FRF 100,000,000 ZERO COUPON NOTES DUE MARCH 23RD, 1995
ISIN CODE : X50049649188

Notice is hereby given to the Noteholders that the Final Redemption Amount applicable upon redemption of each note will be:

FRF 600,000 per denomination of FRF 1,000,000

Reimbursement of the nominal will be made on March 23rd, 1995 in accordance with Condition 6 "Payment" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT
SOGENAL
SOCIETE GENERALE GROUP
15, Avenue Emile Reuter
LUXEMBOURG

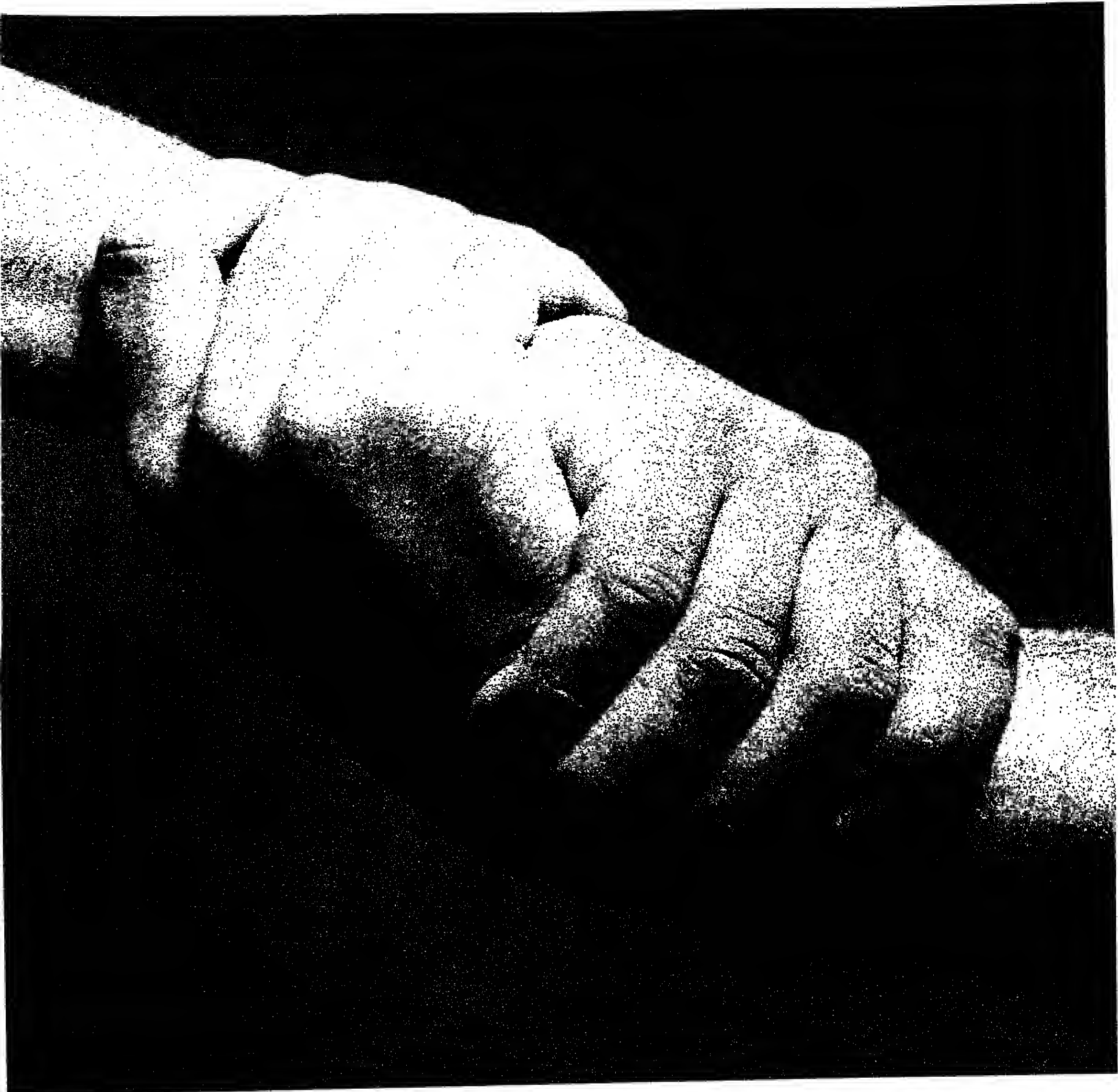
هذا من الامثلة

change

omises

Andrew H

In markets where financial strength matters,
you are in safe hands with UBS.

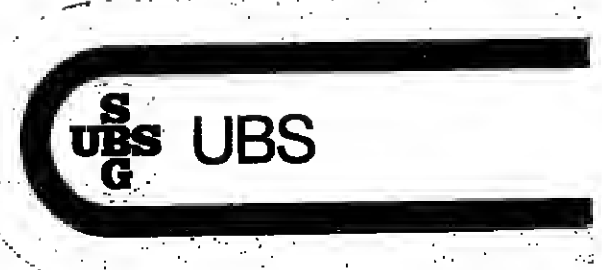


In difficult markets like these, what does a bond issuer look for
in a lead manager?

First and foremost, capital strength. The strength represented by
the UBS AAA rating makes it possible for us to make major
underwriting commitments on complicated transactions, maintaining
our involvement for as long as required and using our own resources
to stabilise issues when necessary.

It is not, of course, simply a question of financial firepower and
commitment. Success at this level, in these market conditions calls
for sound judgement and experience, especially when the issuers in
question are among the most sophisticated and demanding in the
world. In these respects, the fact that UBS topped the 1994 league
table for Sovereign and supranational issues speaks for itself.*

Capital strength, commitment and experience: three reasons why,
when the times are tough and the outcome important, you are
in safe hands with UBS.



UBS Limited is a member of the Union Bank of Switzerland group of companies. UBS Limited is a member of the SFA. UBS Limited, 100 Liverpool Street, London EC2M 2RH. *Source: Bondware

ORA

Age

INTERNATIONAL COMPANIES AND FINANCE

American Standard's lesson in stock control

The group has provided names like GE with something to imitate, writes Tony Jackson

In General Electric's latest annual report its chairman, Mr Jack Welch, lists companies from which the conglomerate learnt lessons last year. American Standard, the world's biggest maker of toilets, is cited as showing GE the benefits of "demand flow technology", under which all activities and workers not adding value to the organisation are eliminated.

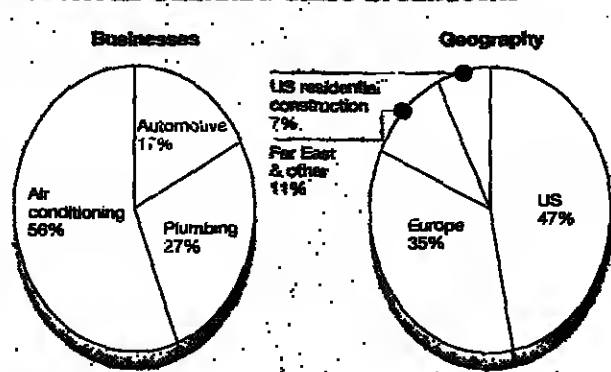
Demand flow is not, perhaps, the most fortunate term from a maker of toilets. But American Standard is an unusual company. Founded in 1923, it was taken private in 1988 to escape a hostile bid from Black & Decker.

Last month, it returned to the public stage with a \$270m initial flotation, valuing the company at about \$1.5bn.

That might seem a meagre sum for a group with sales of \$4.5bn and a dominant position in several markets around the world. American Standard has 30 per cent of the US market for commercial air conditioning. It is the biggest supplier of bathroom and kitchen ceramics in Europe and most of the east Asia. It claims 75 per cent of the European market for ABS vehicle braking systems.

However, as a result of the 1988 buy-out, the company is burdened with \$2.1bn of debt.

American Standard sales breakdown



Last year it made a profit of \$244m before interest and a loss of \$15m after interest. It has negative net worth of about \$400m. Such circumstances bring out the ingenuity of management. In American Standard's case, the result was demand flow technology.

The term is not easy to define. According to Mr Emmanuel Kampouris, chairman, it is "a holistic approach". Among other things, it requires a move from traditional batch manufacturing to flow manufacturing - hence the name - throughout the company.

It also involves a ruthless

reduction of inventory and working capital. Mr Kampouris points with particular pride to the brake business in Leeds, England, where in the past four years sales have risen 44 per cent, the workforce has fallen 21 per cent and working capital has gone negative. Inventory turns - the number of times stock is turned over in a year - have risen from six to 38. As a result, half the factory is vacant, and the floor space has been painted red in celebration.

Inventory turns, a popular measure of efficiency among US managers, are something of an obsession at American Stan-

dard. The group's present figure is just under 10, while the target is 15 (at General Electric, the target is 10 and last year's figure under seven).

Some 1,000 senior staff receive their annual bonus purely on the basis of the year's inventory turns for the group.

The resulting rise in productivity, of capital as well as labour, is central to the group's profit projections.

Mr Kampouris says: "We don't accept any improvement in profit margin through pricing or economic growth. We plan three years ahead on the assumption of constant sales, and we want to see the margin improve throughout."

Yet some of the group's sales targets are ambitious. By the end of this year, in China, where it is already well established in the toilet market and hopes to make inroads in central heating - the company expects sales to be \$300m a year. By the end of the decade, it predicts sales of \$1bn.

According to Mr Fred Allard, chief financial officer, sales in the rest of the group will be rising sharply as well, with the brake business doing most of the running.

In the next two or three years, he says, sales growth will be in double digits; there-

after it will subside to 7-8 per cent, in line with the average between 1988 and 1994.

In addition, Chinese sales are currently not consolidated because American Standard operates through joint ventures. That will gradually change, so that by the year 2000 the full \$1bn will be counted in. That will make for sales of between \$7bn and \$8bn, compared with \$4.5bn today.

I would not do to get carried away with all this. The company's debt load is still formidable, and parts of its business are unprofitable even at the operating level. In addition, it is partly exposed to the economic cycle, particularly in the housing market.

As Mr Allard concedes, the worldwide roadshow to promote last month's flotation left some investors cold, particularly in conservative financial centres such as Edinburgh.

However, there is plainly something afoot. Notions like demand flow management are hard to assess, since every US manager can talk glibly of re-engineering and quality circles. But the highly professional managers of GE found something to imitate. That, at any rate, looks like honest advertisement.

Marriott to acquire 49% of Ritz-Carlton Hotel

By Richard Tomkins in New York

Marriott International, the US-based hotel operator, is planning to enter the luxury hotel business by acquiring a minority stake in the Atlanta-based Ritz-Carlton Hotel for a sum understood to be between \$150m and \$200m.

It said yesterday that it had joined a partnership formed by Thayer Capital Partners, a Washington-based private investment firm, to take a 49 per cent stake in Ritz-Carlton Hotel.

It expects the deal to close this spring. The Ritz-Carlton Hotel manages 31 luxury hotels, most of which are in the US. It does not operate the Ritz hotels in London, Paris, Madrid, Barcelona or Lisbon, and is not allowed to operate hotels under the Ritz-Carlton name in cities where Ritz hotels already exist.

Marriott has nearly 900 hotels in the US and overseas but has not previously operated in the luxury sector.

It said it was putting up most of the cash for the initial 49 per cent stake in Ritz-Carlton Hotel and was negotiating an agreement that would allow it to buy the balance of the company's equity later.

Ritz-Carlton Hotel is privately held and does not publish its financial results. Mr Frederic Malek, chairman of Thayer Capital Partners, said: "There is not a hotel chain in the world that does not have some hotels that are underperforming."

"On the positive side, the hotel industry is on an improving trend right now, and the merger... will provide impetus for that because of the strengths that Marriott International will bring to Ritz-Carlton."

World project finance for 1994 topped \$17bn

By Graham Bowley

Worldwide project finance stood at more than \$17bn last year, according to figures published by Project Finance International, part of IFR, the financial publishing group.

This is the first time total underwriting business in the project finance market has been measured as a whole, PFI said. PFI said that recent turbulence in Mexican financial markets had cast a cloud over project finance initiatives in Latin America and other emerging markets, making their financing more problematic.

Mr Rod Morrison, editor at PFI, said: "A lot of project business related to bonds seems to have been put on hold for the time being."

However, "while bonds have been

dropped for emerging market projects, banks are very keen to step in" and lend money directly at low levels of pricing, he said.

PFI's figures show that global lending business reached \$13bn last year and was more evenly spread across the world than in 1993.

Project finance raised through the issuance of bonds and used mainly to refinance existing loans was valued at \$4bn.

However, the use of bonds, which provide cheaper and longer term money, for financing purposes is increasing worldwide, although they are currently used more in the US than in Europe, PFI said.

The Asia-Pacific region accounted for \$4.2bn of total project finance lending business, the Americas \$2.9bn and Europe and the Middle East \$6.5bn.

NEWS DIGEST

Lufthansa expects its first profit for five years

Lufthansa, the German airline in which the state holds a 35.7 per cent stake, has hinted that its healthy performance last year will mean a return to profit for the first time since 1990, writes Frederick Steinhilber in Berlin.

At the International Tourism Fair in Berlin, board member Mr Hans Klein said that passenger numbers in January were 8.5 per cent up on the same period the year previously. Sales in January were up by 7.3 per cent. A 6 per cent increase in capacity utilisation is, according to Mr Klein, the highest increase recorded by any airline in Europe.

Furthermore, Lufthansa sources hinted that last year the effects of a drawn-out restructuring programme, which involved the reduction of the stake held by the German government, will translate into profits said to be in the region of DM350m (\$245m).

The official results for 1994 will be presented in May.

Brazil may privatise Vale Do Rio Doce

Mr Jose Serra, Brazil's planning minister, said the government would carry out a study leading to the sale of Companhia Vale Do Rio Doce (CVRD), the state-owned mining group, Reuter reports from Brasilia.

Mr Serra added that the national privatisation council "decided to ask the planning ministry and the mines and energy ministry to ask the BNDES (Brazil's national development bank) to prepare a study for the privatisation of Vale".

A strike by 2,500 workers yesterday, brought the port of Santos, South America's biggest, to a standstill, reports AP-DJ from São Paulo. The administration staff of the São Paulo state dock company, which runs the port, walked off their jobs to demand a 26.05 per cent wage rise.

The port, 45 miles south of São Paulo, handles 50,000 tons of cargo daily and loses \$1.2bn in uncollected fees each day operations are halted.

Danish food processor doubles net income

Aarhus Olie, the Danish specialist producer of vegetable oils and fats for the food processing industry, almost doubled net profits to DKr80m (\$10.5m) from DKr32m in 1993 after increasing pre-tax profits to DKr81m from DKr33m, writes Hilary Barnes in Copenhagen. Sales were ahead at DKr2.91bn from DKr2.50bn. An unchanged 5 per cent dividend was proposed.

Last year was marked by strong demand for high quality oils and fats by European customers, said Aarhus Olie, although its US subsidiary, which produces cocoa butter substitutes for the US chocolate industry, had a difficult

year. Investments which have been undertaken to increase capacity are expected to contribute to further growth in the current year, said the group.

Electrolux to buy stake in Indian group

Sweden's Electrolux said it planned to buy a majority holding in listed Indian white goods manufacturer Maharajah International of New Delhi, Reuter reports from Stockholm.

Electrolux said it would inject \$13.3m for its 51 per cent stake. As part of the process, Electrolux said it sold its 12 per cent stake in Kelvinator of India.

Laurentian Bank 8% ahead in first quarter

Laurentian Bank, controlled by the big Dejar-dine financial services group, posted net profit of C\$10.2m (US\$7.29), or 48 cents a share, for the first quarter of fiscal 1995, up 8 per cent from C\$9.4m, or 44 cents, a year earlier, writes Robert Gibbons in Montreal.

Fee income was up 16 per cent and loan losses were down 20 per cent. Total assets were C\$10.5bn at January 31, little changed.

Strong progress by Finnish companies

Analysts expect Kymmene Oy, the Finnish forest firm, to report a FM1.04bn (\$337m) profit after financial items for 1994, while Finnish metals and mining group Outokumpu is expected to report a FM953m profit after financial items for 1994, Reuter reports from Helsinki.

The forecasts for Kymmene, which is due to report on March 8, ranged from FM950m to FM1.15bn. In 1993, the company showed a FM256m loss after financial items. It said in January it would show a profit of about FM1bn after financial items for 1994.

Earnings per share for 1994 are seen rising to FM11.30 from a loss of FM3.90 in 1993; the forecasts ranged from FM9.50 to FM12.90.

For Outokumpu, which reports on March 9, the profit forecasts ranged from FM718m to FM1.09bn. In 1993, the company's profit after financial items was FM202m. According to the average forecast, Outokumpu's earnings per share were projected at FM7.33. Forecasts ranged from FM5.90 to FM9.60. Outokumpu's 1993 earnings per share were FM3.52.

Olivetti buys into multimedia consultant

Olivetti, the Italian computer company, announced yesterday that it has bought 40 per cent of ICEI Multimedia, an Italian multimedia consulting company, AP-DJ reports from Milan.

ICEI had sales of more than L56bn (\$33.8m) in 1993. Olivetti said that the purchase was in line with its efforts to expand its multimedia business and was made through Elea, its consulting and training subsidiary.



POWERGEN

NYSE Symbols: PWG (fully paid)
PWGPF (partly paid)

SPONSORED AMERICAN DEPOSITARY
RECEIPT (ADR) FACILITY
1 ADR equals 4 ordinary shares

Established by



For information please contact
Kenneth A. Lopian (212) 315-2084 in
New York, or Diana E. Barham
(071) 322-6338 or Michael McAuliffe
(071) 322-6336 in London.

This announcement appears as a matter of record only.

COMPAGNIE BANCAIRE

Société Anonyme
Incorporated in France with limited liability.
Regd. Office: 5 avenue Kléber, Paris 16ème.

NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETING
The shareholders of Compagnie Bancaire are invited to attend the Ordinary and Extraordinary General Meeting to be held on Wednesday, 22nd March, 1995 at 5.00 p.m. at the Regd. Office, 5 avenue Kléber, Paris 16ème, to consider the following Agenda:

- The Report of the Board of Management on the current activities and position of the Company.
- The Report of the Auditors.
- The comments of the Supervisory Board.
- The approval of the accounts for 1994 and appropriation of profits.
- The option to pay the dividend in the form of shares.
- The renewal of the mandate of two members of the Supervisory Board.
- The appointment of the mandate of one member of the Supervisory Board to replace one other member whose mandate will terminate.
- The amendments of Memorandum and Articles of Association in order to comply with new regulations concerning commercial companies.
- The renewal of the authorisation of the Board of Management to buy and sell shares of the Company on The Stock Exchange in order to regulate their price.
- The renewal of the authorisation of the Board of Management to issue different categories of securities or equity warrants giving immediate or deferred access to issued capital.
- The renewal of the authorisation of the Board of Management to increase the issued capital through capitalisation of reserves.
- Any other business.
- Authorisation to implement the above procedures.

In order to attend or be represented at the Meeting, owners of registered shares must have been entered on the register five clear days prior to the Meeting. Holders of bearer shares must deposit, at least five clear days prior to the Meeting at the Head Office, the certificate of deposit, issued by the bank, financial institution or broker with whom the shares are lodged.

Postal votes must be lodged at the Head Office of the Company on the approval form six days in advance of the meeting.

Shareholders who wish to attend the Meeting are requested to make advance application to the Company for an admission card.

Russia

on Monday, April 10

The survey will be distributed at the EBRD meeting in London and discuss the economy, foreign investment, oil & gas, agriculture etc. It will be distributed with the "T" on that day and read by leading decision-makers in over 160 countries worldwide.

If you would like to advertise to this influential audience please contact

Patricia Surridge in London
Tel: (0171) 573 3426 Fax: (0171) 373 3428
Nina Golovystenko in Moscow
Tel: (095) 243 19 57 (095) 230 22 57
Fax: (095) 243 00 77

FT Surveys

KfW Kreditanstalt für Wiederaufbau

Frankfurt / Main, Federal Republic of Germany

DM 300,000,000
Floating Rate Notes of 1995/2000

Issue Price: 100.05%
Interest: Three-Months-DM-FIBOR less 0.05% p.a., payable quarterly in arrears on March 6, June 6, September 6 and December 6 of each year
Repayment: March 6, 2000, at par
Listing: Frankfurt/Main

Trinkaus & Burkhart
Kommunikationsbank und Aktien

ABN AMRO Hoare Govett

Commerzbank
Aktiengesellschaft

Bayerische Hypotheken- und Wechsel-Bank AG

Bayerische Landesbank
Girozentrale

Bayerische Vereinsbank
Aktiengesellschaft

Caisse des dépôts et consignations GmbH

CS First Boston Effectenbank
Aktiengesellschaft

Deutsche Bank
Aktiengesellschaft

DG BANK
Deutsche Genossenschaftsbank

Dresdner Bank
Aktiengesellschaft

Morgan Stanley Bank AG

Westdeutsche Landesbank
Girozentrale

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. \$240,000,000
Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 7th March, 1995 to 7th September, 1995 the Notes will carry an Interest Rate of 7.05 per cent, per annum. The Interest Amount payable on the Interest Payment Date which will be 7th September, 1995 is U.S. \$36,033.33 for each Note of U.S. \$1,000,000.

Westpac Banking Corporation
Agent Bank

Westpac House,
75 King William Street,
London EC4N 7HA

NOTICE OF EARLY REDEMPTION

FUJIBANK (LUXEMBOURG) S.A.
US\$ 50,000,000

FLOATING/FIXED RATE GUARANTEED BONDS DUE 2002
ISIN XS0036231578

Notice is hereby given that, pursuant to condition 5(b) of the Terms and Conditions of the Bonds, the Issuer has elected to redeem, on 3rd April, 1995, all of the Bonds at their principal amount together with accrued interest up to such date. On and after the redemption date, interest on the Bonds will cease to accrue.

Fuji Bank (Luxembourg) S.A.,
Agent Bank

COMPAGNIE BANCAIRE

£100,000,000
Floating Rate Notes due 1995

In accordance with the provisions of the Notes, it is hereby given that the Rate of Interest for the three month period ending 2nd June, 1995 has been fixed at 6.875% per annum. The interest accruing for such three month period will be £173.29 per £100,000 Bearer Note, and £1,732.88 per £100,000 Bearer Note, on 2nd June, 1995 against presentation of Coupon No. 11.

Union Bank of Switzerland
London Branch Agent Bank
2nd March, 1995

Signal

Real-time U.S. & international
quotes on over 90,000 issues
As low as \$9/day. Call today:
44 + (0) 171 600 6101

INTERNATIONAL COMPANIES AND FINANCE

Reebok cleared to establish two Indian ventures

By Mark Nicholson
in New Delhi

Reebok, the US sports shoe and apparel group, said yesterday it had won government approval to establish two companies in India. It will aim to create an important manufacturing base in the country, and to sell Reebok products locally through a new chain of sports shops.

Reebok Technical Services, a 100 per cent subsidiary, has been established to provide a design and manufacturing consultancy for Indian producers. The unit would turn India into a "major manufacturing base and sourcing centre" for Reebok International, according to Mr Muktesh Pant, Reebok managing director in India.

Mr Pant said the new company would expand Reebok's present Indian sourcing of sports shoes. Phoenix International, a diversified Indian trade and manufacturing group which already produces Reebok cricket shoes for export, is building a 21-acre plant in Noida, near New Delhi, with capacity for 6m shoes a year. Reebok is also planning to source shoes for

export from a plant being built by Lakshmi India.

Mr Pant said Indian producers had already exported 200,000 running shoes to the US under the Reebok name. He said the company envisaged eventual production of up to 20m pairs of shoes a year for export from Indian plants, mainly to markets in Europe and North America. The company was also evaluating possible Indian suppliers for clothing and sports equipment, he said.

The group has also formed Reebok India Company, a joint venture with Phoenix Overseas. It will hold 20 per cent of the new group, to market Reebok products through a planned chain of sports shops. Ten properties have been bought in big Indian cities, and Phoenix said it expected to open 55 showrooms by 1997.

Mr Pant said a 1 per cent share of India's market of 4m to 5m shoes a year would make it "one of the biggest Reebok operations outside the US or UK".

He said Reebok had not finalised the value of its equity participation in the two companies.

Testing time in battle for global telecoms links

NTT's tie-up with AT&T has deprived BT of a vital Japanese connection, writes Michio Nakamoto

The decision by NTT, Japan's dominant domestic telecommunications carrier, to link with WorldPartners, a global alliance headed by AT&T of the US, is a setback for the UK's British Telecommunications and its ambitions to build up a similar international alliance of operators.

NTT said last week it would test WorldPartners' WorldSource Virtual Network Service in Japan for six months, and act as a point of contact in the Japanese domestic telecoms market for WorldPartners' corporate customers.

While NTT was careful to emphasise the temporary nature of the agreement, the move has given AT&T and its WorldPartners alliance a significant edge over BT in the crucial Japanese telecoms market, the second largest in the world.

WorldPartners is an alliance of telecoms operators formed by AT&T, the US-based telecoms group; KDD, the Japanese international telecoms operator; and Singapore Telecom. It competes directly with Concert, a joint venture company set up by BT and MCI, another US carrier.

The aim of both ventures is to provide multinational corporations throughout the world with seamless telecoms ser-

VICES on a global scale. Multinational corporations which sign up for one or the other service should be able to order and use global voice and data communications, have their services maintained, and pay their bills through one single point of contact.

The virtual private network services offered by telecoms

'We are taking the pragmatic approach that we must get on with our business' - Mr Peter Nelson, BT representative director in Japan

groups are an alternative to a corporate private network, and provide corporate customers with a basket of telecommunications services at fixed rates. They are also considerably more flexible than private networks.

For example, a multinational company dealing with a VPN provider only can easily extend the network, rather than having to go to the various domestic and international carriers involved.

AT&T and BT, and their international partners, have been keen to build up their

multinational business, which is expected to be one of the most lucrative sectors as the telecommunications needs of multinational corporations become greater and more complex.

In that context, access to the Japanese market is crucial. "Given the increasing demand for virtual private networks and the importance of the Japanese market, we view this agreement as a major advance in establishing seamless linkages domestically, internationally and globally," Mr Simon Grigier, president of WorldPartners, said.

NTT's decision to test virtual private networks with WorldPartners and act as its domestic Japanese liaison gives the AT&T-led alliance not only a direct link to the huge Japanese market through NTT's long-distance and local networks, but also a powerful marketing position in a country where relationships are key to winning business.

BT, for its part, is putting a brave face on the latest turn of events.

"We are taking the pragmatic approach that we must get on with our own business," says Mr Peter Nelson, representative director of BT in Japan. BT, which is in charge of

marketing Concert services in Japan, had for several years been talking to NTT about joining hands in corporate telecommunications services. At one point a few years ago, it looked as though NTT would strike a deal with the BT camp.

BT has also been one step behind AT&T in winning the important link that would enable Concert to offer voice telephony services to its corporate users in Japan.

The Japanese telecoms regime restricts international call business to three national operators: KDD, ITJ and IDC. International carriers need to sign up with one of these three to offer voice telephony services to Japanese users.

AT&T invited KDD to join WorldPartners in May last year. BT is only just approaching an agreement with ITJ, in which it owns a 2.5 per cent stake.

Mr Nelson is convinced that NTT could still switch sides after the six-month trial period.

So far, only 10 carriers have signed up for WorldPartners, which has access points in 26 nations.

Concert has already signed corporate contracts worth \$50m and another \$1m worth of contracts are being discussed. It has about 5,000

customer access points in 88 countries, whereas "WorldPartners does not have a global network in place which is key to the service", Mr Nelson points out.

"I really do think that NTT would like to have a working relationship with the leading consortium," he says.

Once BT finalises an

Japan's international telephone traffic

Fiscal year	Millions of calls	Change on year (%)
1988	252.6	+34.3
1989	319.5	+26.3
1990	382.6	+19.7
1991	445.4	+16.4
1992	481.4	+8.1

Source: InfoCom Research

agreement with ITJ on providing global corporate voice services in Japan, there should be no regulatory barriers to NTT acting as a point of contact in Japan for Concert, BT says.

NTT, for its part, emphasises that its agreement with WorldPartners does not prevent it from signing similar deals with other carriers. It had agreed to a six-month trial period to see whether its customers really want such services.

Whether it stays with WorldPartners depends entirely on "whether or not

this is useful for customers", NTT says.

Nevertheless, international trade issues, the Japanese government's telecommunications policy and this year's review of NTT's status will also have a bearing on which of the two global alliances secures NTT's hand.

Given Japan's uneasy trade relations with the US, it is safer for NTT to sign up with AT&T, some telecoms industry observers detect political motives behind the latest NTT move. The US government has sent strong signals that it is keen to help its telecoms companies penetrate the Japanese market.

At the same time, although NTT has agreed to co-operate with WorldPartners, the Japanese government's review of its status, beginning this spring, means the company could become a different kind of carrier, operating in markets distinct to those it is currently allowed to work in.

In the meantime, however, AT&T has won a powerful partner whose influence in Japan's promising market is unquestioned.

For BT, which will have to be content for the time being with a deal signed with one of NTT's subsidiaries, it will be a long and trying six months ahead.

Rise at Safren hides operating weakness

By Mark Suzman
in Johannesburg

Safren, the South African leisure and shipping group, has reported an 18.3 per cent rise in attributable profit, to R183.2m (\$51.3m) from R154.8m, for the six months to the end of December.

However, the figure masked limited overall improvement, as turnover climbed only 8.1 per cent to R2.8bn from R2.59bn previously. Similarly, the rise in operating profits was also lacklustre; they were up 4.8 per cent to R480.4m from R458.2m. Slight reductions in interest paid, to R25m from R40m, and in tax, which dropped to R90.5m from R95.5m, helped improve bottom-line earnings.

Of the group's biggest divisions, shipping business Safmarine was the best performer, posting a 34.6 per cent advance in its contribution to group attributable profits, to R79m

from R58.7m a year ago. Freight handling division Renfries also performed well, lifting attributable earnings 8.8 per cent to R28.6m from R25.6m.

Leisure and entertainment division Kersaf, however, was hit by industrial unrest in its Sun City resort, in Northwest province, which resulted in cancelled bookings. The Paradise Island resort in the Bahamas, which the group has been refurbishing, also incurred some losses.

The disruptions meant Kersaf's contribution to group earnings - which was further diluted by the company's issue of new shares to acquire an interest in the City Lodge hotel chain last year - rose just 8.8 per cent to R76.7m from R70.5m.

However, the balance sheet and cash position is healthy and continued improvement in earnings is expected for the rest of the year.

Southcorp maintains payout despite fall

By Bruce Jacques
in Sydney

Southcorp, the Australian packaging and wine group, is maintaining its interim dividend at 8.25 cents a share in spite of a dip in revenues and earnings for the six months to last December.

The company yesterday announced an 11.5 per cent decline in earnings, to A\$61m (US\$45.1m) from A\$68.9m a year ago, and a 1.7 per cent fall in revenues to A\$1.16bn from A\$1.18bn.

Mr Graham Krahe, managing director, said the profits fall reflected a change in accounting practice at the company's troubled US water heater division. The US operations incurred a A\$9m loss for the period, compared with a A\$8.5m loss a year earlier.

Packaging remained the mainstay of the company's earnings, with a small rise in pre-tax profit to A\$67.2m from A\$67.2m. The wine division lifted profits to A\$38.1m from A\$34.7m, while appliance earnings eased to A\$30.8m from A\$32m.

Mr Krahe said restructuring of the US water heater business was continuing, but losses had persisted.

He said the appliance division would benefit from the acquisition last year of the Australian operations of the US-based Hoover group. This had doubled the company's share of the Australian white goods market to about 40 per cent.

"The company's strong balance sheet will be used to finance acquisitions with an emphasis on US and Asian packaging opportunities," he said.

The result followed tax provision of A\$89.3m, compared with A\$83.3m previously, and depreciation of A\$55.3m against A\$53.6m. Interest expenses eased to A\$18.4m from A\$19.7m.

© F. H. Faulding, the Australian pharmaceuticals company, has raised its interim dividend to 9 cents from 8 cents a share following a 1.7 per cent increase in net earnings to A\$18m from A\$17.7m in the six months to December.

Revenues rose 3.6 per cent to A\$686.5m from A\$662.5m.

Solid growth at Keppel Group's shipping arm

Steamers Maritime Holdings, the shipping arm of Singapore's Keppel Group, yesterday reported a 60 per cent advance in 1994 net profit, to S\$9.1m (US\$6.3m) from S\$5.7m a year ago. AP-DJ reports from Singapore. Turnover rose 8 per cent to S\$100.6m from S\$92.8m.

It attributed the higher sales and profits to improvement at telecom subsidiary Folec Communications, and to new shipping charters.

The company said it would continue to invest in new container vessels for charter, and upgrade its existing fleet.

In telecommunications, it is bidding for a second cellular mobile telephone and paging licence.

Korea Mobile soars on boost in subscribers

Net profits at Korea Mobile Telecom, South Korea's monopoly cellular telephone service, have surged 67 per cent to Won128.7bn (\$100.2m) for 1994, writes John Burton in Seoul.

Sales jumped 83 per cent to Won782.9bn, as the number of mobile telephone subscribers more than doubled last year to almost 1m. Meanwhile, turnover from its paging service rose 51 per cent.

KMT is seeking a listing on the London Stock Exchange later this month by issuing \$150m in global depositary receipts.

The funds will be used for a Won800bn investment programme to expand services.

Advice & Asset Management

& Corporate Finance

& Bank Finance

& Derivatives

& Commodities

& Foreign Exchange

& Development Capital

& Futures

& Equities

& Fixed Income

& Privatisations

& Metals

& Money Markets

& Research

& Risk Management

& New Issues

& Sales

& Primary Markets

& Structured Finance

& Swaps & Options

& Trading...

INVESTMENT BANKING. FROM A TO

MEMBER OF THE SECURITIES AND FUTURES AUTHORITY AND IMRO

A DIVISION OF BARCLAYS BANK PLC



COMMODITIES AND AGRICULTURE

Russia scotches aluminium rally

By Kenneth Gooding, Mining Correspondent

Aluminium prices on the London Metal Exchange fell by nearly 4 per cent from yesterday's peak of US\$1,933 a tonne to \$1,867 after an official revealed that Russian smelters were stepping up output.

In early trade the price for delivery in three months seemed set for a substantial rise. Then sentiment was affected not only by the Russian revelation but also by the news that Aluminium Bahrain would not repeat this year's output cuts it made in 1994. Added to this were fears that US interest rates might rise again to stem the dollar's fall and cut economic growth.

Mr Nick Moore, analyst at Citicore, an associate of the Fleming Fleming group, said that, although the international trade agreement for alu-

minium production cuts reached in Brussels last year appeared to be unwinding, it had achieved its objective. LME aluminium stocks had been reduced by 1.3m tonnes from the peak 2.66m and would be down by 1.5m tonnes in two months time. The rise in prices that accompanied the stocks fall had proved "too much of a dripping roast for the salivating Russians to ignore".

In any event, Russian output, which had risen by 5.5 per cent since September from an annual rate of 2.533m tonnes to 2.724m, was less important than exports, and the amount available for export has not come down at all. Russian aluminium exports likely to remain at an annual 3m tonnes for some years to come. Meanwhile Russian production might continue to rise because in November 1993 it reached an annual rate of 2.973m tonnes.

ERM turbulence 'likely to boost "green" hedging'

By James Harding

Turbulence in the European Monetary System is likely to boost trade in the hedging "green" forwards market, as commercial buyers and sellers of farm produce attempt to hedge against delayed volatility in the agricultural system, analysts believe.

The UK green rate was devalued by 0.3 per cent and guaranteed farm prices were lifted by a corresponding amount yesterday. Observers of the "green" exchange rate system, the mechanism for translating European subsidies and price supports into national currencies after reference to changes on the open market, said other currencies battered on the European crosses would follow.

"The Italian lira, the Spanish peseta and the Greek drachma have all had it - they are all likely to see further devaluations at the end of the next 10-day reference period," on March 15, said Mr Peter Wakefield, senior assistant director at Morgan Grenfell, the investment bank that established the green forwards market.

Green forwards, the only direct hedge against exchange rate movements in the "green" grid, offer traders in farm produce fixed green rates, usually for up to six months ahead.

Regular buyers of the green forward contracts are companies involved in the food industry - mainly in sugar, milk, grains and meat. Considering the humpy outlook for the peseta, Spanish companies buying milk and sugar, for example, might be looking to iron out some price volatility, Mr Wakefield suggested.

One agricultural consultant commented: "Forward contracts are the only sensible way for hedging - there is nothing else in the market."

De Beers' Canadian diamonds fail to come up trumps

By Kenneth Gooding

De Beers, the world's largest diamond group, is likely to come up empty handed from its involvement in the diamond exploration rush in Canada's Northwest Territories where its International Minerals, BHP of Australia and RTZ, based in the UK, have good chances of developing new mines there.

That was the view of many analysts yesterday after De Beers announced the termination of its Yamha Lake joint venture project in the area, saying that evaluation of the results so far suggested "the project does not merit any additional exploration".

Share prices of the two joint partners in the Yamha Lake joint venture - Mill City Gold and Tanqueray Resources - each fell about 15 per cent after the news. De Beers first became involved in July last year in Yamha Lake, located in the Lac de Gras area, centre of the Canadian diamond rush. It agreed to arrange up to C\$500m of finance for a mine, should one prove viable, for a 60 per cent share of the project.

Mr Roger Chaplin, analyst at stockbroker T. Moore & Co., said there were now only two, maybe three, projects in the Lac de Gras area that might result in diamond mines. REP and its partner Diamant had a "99 per cent chance", while the odds for RTZ and its partner Aber Resources were about 80 per cent. Another company, Lytton, was well-funded and had a great deal of land to explore but its chances were below 50 per cent, said Mr Chaplin.

De Beers' subsidiary Monopros was exploring on its own account in the area but its chances of finding a mineable deposit were now "pretty slim".

Spain's gold coast may yield up more riches

A 'junior' miner has identified reserves missed by a 'major', writes Kenneth Gooding

Mining history is full of stories about valuable mineral deposits that were walked over but missed by big international mining groups, only to be discovered later by "junior" exploration companies. It is becoming increasingly possible that the Rio Narcea gold belt in northern Spain - site of probably the biggest current gold exploration project in western Europe - will join the list.

The Anglo American Corporation of South Africa spent about US\$20m between 1985 and 1992 on drilling and extensive underground exploration on the gold belt, situated in the valley of the River Narcea at Carles, near the town of Salas.

This is an area that 2,000 years ago provided the Roman Empire with much of its wealth. The historian Pliny recorded that at one time 60,000 slaves were employed in the Spanish gold mines. Today the evidence of their activities remains clearly to be seen. The Romans collected water in trenches stretched across the mountainsides for the hydraulic, or "hushing", mining systems they used.

Anglo defined proven and possible reserves of about 450,000 troy ounces of gold at Carles - gold the Romans missed because it is disseminated in fine grains through the rock, invisible to the naked eye.

A detailed feasibility study was carried out and permitted a mine, mill and flotation plant to treat Carles's sulphide ore were all secured.

Then Anglo pulled out. "When we considered the size of the deposit and the cost of developing a mine we decided it was not for us," an Anglo official said last week.

However, Mr Luis Pevida suggests that Anglo gave up too quickly. The South African group had begun looking at other gold targets in the area but not in much detail.

The company that picked up Anglo's interest for US\$5m, a newcomer called Rio Narcea Gold Mines, has done no more work on the Carles deposit but concentrated on three others 15km south of Salas - El Valle, Bolinas East and Bolinas West - where drilling has shown substantial traces of gold.

Mr Pevida previously worked for Anglo and is now RNM's exploration manager. His boss, Mr Gene Spiering, exploration, insists that the Rio Narcea gold belt bears a striking resemblance to Nevada's Carlin Trend, which produced the world's largest gold mine in the 1980s.

RNM can also call on the local expertise of Spain's noted, but state-owned, Asturiana coal producer, Hules del Coto Cortes, which became Anglo's partner in 1988 and still owns 20 per cent RNM was listed on the Toronto stock exchange in July last year and

placing gave 26 per cent to an investor group. Mr von Christensen owns 10 per cent via a family trust while the biggest shareholder is Mr Oren Benton, the Denver entrepreneur, with 28 per cent.

Mr Benton recently sought protection under US bankruptcy laws, citing debts of between \$400m and \$500m caused mainly by his uranium trading activities.

Following his bankruptcy, Mr Benton left the RNM board and his Concord group is no longer providing management for the gold company. Mr von Christensen says RNM has invited some of the Concord management team to join it.

He says Mr Benton cannot sell his shares without permission of his creditors and, in any case, HCC, the Spanish coal company, has first refusal on them. "There is no question of the shares being dumped," he insists.

Mr von Christensen says RNM will push ahead with its plans to raise another US\$100m by the middle of 1995. Having already established a resource of 1.1m ounces at the El Valle and Bolinas deposits, RNM wants the cash for more exploration - so far only 2km of a 16km prospective area have been looked at - and a bankable feasibility study. If the study can be ready next year a mine might go into production

in 1997. The capital cost would be US\$60m-70m.

Mr von Christensen hopes for annual production of at least 100,000 ounces. "I don't get involved in a project unless the majors [big international mining groups] would be interested in buying it. They are all desperate for output and reserves to replace the gold they produce each year."

This is not the first time Mr von Christensen has benefited from an Anglo American "cast-off". Some years ago after Anglo closed down the East Daggafontein mine in South Africa following 30 years of production, he and some partners bought the property with an eye on the gold left in the slimes dams or waste tips. He added more property and soon had 5m tonnes of reserves - enough to kindle Anglo's interest again and that group took a half share. Today East Daggafontein still holds the rights to slimes dams on the far east Rand and these are being treated by Ergo at its Daggafontein plant. "It is some of the lowest cost gold in South Africa," says Mr von Christensen.

Will he succeed again at Rio Narcea? Only time will tell but Mr Roger Ellis, editor of the Mining Journal, says: "There seems little doubt that the epithermal deposits in the Rio Narcea gold belt present major mining potential."

Norwegian oil output forecast to set fresh records

By Karen Fosell in Oslo

Norwegian average daily production of oil and natural gas liquids continued to go from strength to strength and would rise by 11 per cent in 1995 to 2.98m barrels a day.

Wood Mackenzie, the world-based energy consultancy, said in a fresh assessment issued yesterday. It would hit a record 3.3m b/d in December, WoodMac forecast.

Last month, Norway's Industry and Energy Ministry pre-

dicted that crude oil output would average 2.8m b/d this year and rise further to 3m b/d in 1996. That compared with December budget forecasts of 2.6m b/d for both years.

Total North Sea output, including 3.5m b/d of production from the UK, was expected by WoodMac to average 5.4m b/d in 1995, which would be 8 per cent up on the 5.3m b/d rate achieved last year.

The consultancy said Norwegian production declined slightly in January after

increasing to 2.94m b/d in the final quarter of last year but forecast that output would return to that level sometime in March.

This year's projected increase in Norwegian production was attributable largely to the fields coming on stream, but the existing main fields, such as Statfjord and Gullfaks, both of which performed above expectations in 1994, were expected to continue producing at 1994 levels.

"The combination of sus-

tained output from major fields plus significant volumes of new production is expected to result in a substantial increase in output during the second half of 1995, and in December oil/NGL production should average 3.3m b/d," WoodMac forecast.

During the March-July period Norwegian output was expected to fluctuate between 2.8m and 2.93m b/d but in August, when the bulk of scheduled annual maintenance programmes will be under-

taken, WoodMac saw production falling to a year low of 2.71m b/d.

Last August output fell 23 per cent as a result of field maintenance, deferring an estimated 25.3m barrels of oil production.

WoodMac said this year's pattern of production was expected to be very similar to that of 1994, except that stabilised crude oil would rise by 10 per cent in 1995 as NGL condensate output recorded only a minor increase.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

All aluminium, 99.7 purity (% per tonne)

Cash 3 months

Close 1982-30 1984.5-5.5

Previous 1984-6 1989-9

High/Low 1989-1997

AM Official 1989-7 1993-7

Kerb close 1989-8 1989-8

Open int. 234,105

Total daily turnover 50,439

All aluminium alloy (% per tonne)

Close 1982-30 1985-65

Previous 1985-65 1989-90

High/Low 1989-90 1989-90

AM Official 1989-90 1989-90

Kerb close 1989-90 1989-90

Open int. 2,784

Total daily turnover 333

LEAD (% per tonne)

Close 1982-30 600-2

Previous 600-2 605-7

High/Low 605-7 605-7

AM Official 605-7 605-7

Kerb close 605-7 605-7

Open int. 38,878

Total daily turnover 14,863

NICKEL (% per tonne)

Close 1982-30 7750-35

Previous 7740-50 7750-35

High/Low 7750-35 7750-35

AM Official 7750-35 7750-35

Kerb close 7750-35 7750-35

Open int. 19,803

Total daily turnover 3,115

ZINC, special high grade (% per tonne)

Close 1982-30 1057-8

Previous 1043-4 1057-8

High/Low 1057-8 1057-8

AM Official 1057-8 1057-8

Kerb close 1057-8 1057-8

Open int. 101,794

Total daily turnover 22,482

COPPER, grade A (% per tonne)

Close 1982-30 2682-8

Previous 2682-8 2684-5

High/Low 2684-5 2684-5

AM Official 2684-5 2684-5

Kerb close 2684-5 2684-5

Open int. 234,003

Total daily turnover 15,163

LME aluminium futures (100 tonnes)

Close 1982-30 1984.5-5.5

Previous 1984-5 1989-9

High/Low 1989-9 1989-9

AM Official 1989-9 1989-9

Kerb close 1989-9 1989-9

Open int. 234,105

Total daily turnover 50,439

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Open Vol.

Mar 278.2 +2.4 278.0 278.0 3

Apr 280.2 +2.4 280.0 280.0 22,891

Jun 283.2 +2.5 283.0 283.0 546

Aug 286.2 +2.5 286.0 286.0 16,426

Oct 289.2 +2.5 289.0 289.0 4,647

Dec 292.2 +2.5 292.0 292.0 12,659

Total 178,983 24,280

PLATINUM NYMEX (50 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Open Vol.

Mar 407.8 +4.0 408.4 408.4 16,967

Apr 408.3 +4.2 409.0 409.0 1,242

Jun 410.3 +4.2 411.0 411.0 1,114

Aug 412.3 +4.2 413.0 413.0 326

Oct 414.3 +4.2 415.0 415.0 326

Total 25,205 4,981

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Open Vol.

Mar 153.36 +0.16 154.75 153.75 228

Apr 153.86 +0.15 154.90 153.75 247

Jun 154.60 +0.15 155.75 154.75 358

Aug 155.00 +0.15 155.75 154.75 358

Oct 155.00 +0.15 155.75 154.75 358

Total 155.00 +0.15 155.75 154.75 358

SILVER COMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Open Vol.

Mar 446.0 +8.3 448.0 436.0 356

Apr 446.1 +8.3 448.0 436.0 356

Jun 446.2 +8.3 448.0 436.0 356

Aug 446.3 +8.3 448.0 436.0 356

Oct 446.4 +8.3 448.0 436.0 356

Total 446.3 +8.3 448.0 436.0 356

CRUDE OIL NYMEX (42,000 US gals. \$/barrel)

Sett. Day's price change High Low Open Vol.

Mar 18.29 -0.03 18.35 18.35 17,406

Apr 18.29 -0.03 18.35 18.35 17,406

Jun 18.29 -0.03 18.35 18.35 17,406

Aug 18.29 -0.03 18.35 18.35 17,406

Oct 18.29 -0.03 18.35 18.35 17,406

Total 18.29 -0.03 18.35 18.35 17,406

CRUDE OIL IPE (\$/barrel)

Sett. Day's price change High Low Open Vol.

Mar 18.29 -0.03 18.35 18.35 17,406

Apr 18.29 -0.03 18.35 18.35 17,406

Jun 18.29 -0.03 18.35 18.35 17,406

Aug 18.29 -0.03 18.35 18.35 17,406

Oct 18.29 -0.03 18.35 18.35 17,406

Total 18.29 -0.03 18.35 18.35 17,406

HEATING OIL NYMEX (42,000 US gals. \$/barrel)

Sett. Day's price change High Low Open Vol.

Mar 18.29 -0.03 18.35 18.35 17,406

Apr 18.29 -0.03 18.35 18.35 17,406

Jun 18.29 -0.03 18.35 18.35 17,406

Aug 18.29 -0.03 18.35 18.35 17,406

Oct 18.29 -0.03 18.35 18.35 17,406

Total 18.29 -0.03 18.35 18.35 17,406

GRAINS AND OIL SEEDS

WHEAT LCE (\$ per tonne)

Sett. Day's price change High Low Open Vol.

Mar 108.75 +0.05 108.75 108.50 235

Apr 110.30 +0.10 110.25 109.90 1,554

Jun 111.25 +0.10 111.25 110.95 323

Aug 112.25 +0.10 112.25 111.95 323

Oct 113.25 +0.10 113.25 112.95 323

Total 112.25 +0.10 113.25 112.95 323

WHEAT CBT (\$5,000 bu. cent/\$100 bushel)

Sett. Day's price change High Low Open Vol.

Mar 577.0 +0.72 578.0 575.0 1,046

Apr 578.0 +0.72 579.0 576.0 1,046

Jun 579.0 +0.72 580.0 577.0 1,046

Aug 580.0 +0.72 581.0 578.0 1,046

Oct 581.0 +0.72 582.0 579.0 1,046

Total 578.0 +0.72 582.0 579.0 1,046

MAIZE CBT (\$5,000 bu. cent/\$100 bushel)

Sett. Day's price change High Low Open Vol.

Mar 226.0 +0.22 226.0 225.0 1,747

Apr 226.0 +0.22 226.0 225.0 1,747

Jun 226.0 +0.22 226.0 225.0 1,747

Aug 226.0 +0.22 226.0 225.0 1,747

Oct 226.0 +0.22 226.0 225.0 1,747

Total 226.0 +0.22 226.0 225.0 1,747

BARLEY LCE (\$ per tonne)

Sett. Day's price change High Low Open Vol.

Mar 103.15 +0.10 103.15 102.90 215

Apr 103.15 +0.10 103.15 102.90 215

Jun 103.15 +0.10 103.15 102.90 215

INTERNATIONAL CAPITAL MARKETS

Treasuries hit by further fall in dollar

By Maggie Urry in New York and Graham Bowley in London

The continuing decline in the dollar and rumours that the Federal Reserve would call an emergency meeting of the Open Market Committee to discuss the plight of the currency upset the US Treasury bond market yesterday, taking around a point off the long bond. The Fed denied later that such a meeting was planned.

With the dollar trading at 92.50, down from 94.06 late on Friday in New York, at midday the benchmark 30-year Treasury was down 1/8 at 100 1/8 to yield 7.606 per cent. At the short end of the market, the two-year note was 1/8 lower at 99 1/8, yielding 6.977 per cent.

Traders feared the Fed might raise interest rates to make the currency more attractive to international investors. That might jeopardise the expected economic "soft landing" where growth slows, and inflation remains low, without the economy falling into recession.

However, dealers noted that it would be unusual for the Fed to use interest rates to defend

the currency. The next scheduled meeting of the FOMC is on March 28.

The Shadow Open Market Committee, a group of academic and business economists, said the Fed "cannot do much to stop the decline [in the dollar] and should not try".

The group said if there were a further tightening in interest rates, a recession next year would be more likely.

The market has little economic news to contend with this week, until the crucial employment data are published on Friday. The numbers are expected to show a slight decline in the unemployment rate after the surprise increase in January.

Some signs of a still strong economy came in statistics for privately-owned housing completions from the US Department of Commerce and Department of Housing. These rose in January to 1.41m, up 1.6 per cent on the December total of 1.39m, still upwardly revised from 1.35m.

Investors flocked to the safe-haven of German government

bonds yesterday as other European government bond markets dropped on the turmoil in the foreign currency exchanges.

Dollar weakness and tensions within the European exchange rate mechanism following the devaluation of the Spanish peseta and the Portuguese escudo pushed the D-Mark to record levels against other currencies, boosting German bonds.

GOVERNMENT BONDS

Bund futures on Liffe rose by 1/2 point before coming off later in the session on the back of US Treasury weakness to end up 1/8 at 91.11.

The bund yield spread below US Treasuries, which closed to parity last week, widened back to 20 basis points.

Traders said there were large bond flows in both the cash and futures markets across all markets. "Trade was not all one way but the general trend was switching into the safety of Germany," said one dealer.

UK gilts fell in late trading after sterling came under severe pressure.

Gilts held up well early in the session on the view that sterling, which is not a member of the ERM, was isolated from the mechanism's problems.

However, the long gilt future on Liffe, which had climbed 1/2 point by midday, fell in late trading to end the session down 1/8 at 101 1/8.

Traders have now fixed their attention firmly on Wednesday's monetary policy meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, the governor of the Bank of England.

The French government bond market was one of the hardest hit in Europe, with the yield spread over bunds moving out to 78 basis points from 59 basis points.

The short-end of the French yield curve saw a particularly strong pickup in activity.

The spread between the three-month June Pibor contract and the June euromark

contract widened to 172 basis points from 143 points on Friday and 112 points a week ago.

However, while overseas investors were aggressive sellers of two-year French paper, domestic institutions, attracted by yields of more than 7.3 per cent, were prepared "to soak up" these bonds, said Mr Steve Major of Credit Lyonnais in Paris.

"The French market is very good value historically but unlike in past ERM devaluations, money is now staying in the D-Mark," he said.

Other dealers said yesterday's movements were mainly futures-driven and there could be a squeeze back upwards in prices if sentiment changed.

Spanish government bonds also dropped sharply following the 7 per cent devaluation of the peseta and a rise in the Bank of Spain's intervention rate to 12 per cent.

Italian government bonds fell as the lira weakened and with continued concern over the fate of the "mini-budget".

The yield spread over Germany widened to 613 basis points.

Devaluations offer little respite to Iberian bonds

By Graham Bowley and Conner Middlemann

Yesterday's devaluations of the Spanish peseta and the Portuguese escudo are unlikely to bring any respite to the woes of those countries' government bond markets.

With an eye on continuing political uncertainty and rising inflation, which is likely to be boosted further by the devaluations, and with a feeling that this latest move is a further setback to the countries' chances of joining a single European currency, both overseas and domestic investors remain wary of the Iberian markets.

"The Spanish bond market is one that people will not buy until they see better value in it from both a currency and bond market perspective," said Mr Stephen Hott, fund manager at Flemings Investment Management in London.

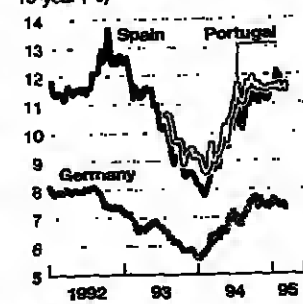
"Investors will only begin to buy again if the [yield] spread over bunds widens out and if the Bank of Spain raises interest rates to head off future inflation," he said. The yield premium over German government bonds is currently 490 basis points, up from around 425 a week ago, and he can see it breaking through the key 500 basis point level soon.

The Bank of Spain raised its daily intervention rate by 0.5 percentage points to 8.55 per cent yesterday morning but the bond market's reaction to that and the devaluation was hardly positive. Government bond futures on the Spanish futures exchange fell by more than one point on the day and yields on the 10-year government bond nudged 12.27 per cent.

Until the Bank of Spain acts more decisively on interest rates, said Mr Hott, investors "will continue to demand a premium for holding Spanish assets".

Mr Marco Pianelli, an econo-

Benchmark bond yields



Source: Datastream

mist at the Nomura Research Institute in London, agrees. "There is an underlying problem, which is that short-term interest rates do not offer much protection in an environment like this," he said. "You have to expect the peseta to remain under pressure and the spread on bonds to reach higher levels."

He also expects there to be a steepening of the yield curve, with the yield on longer-dated maturities rising as demand for this paper falls off.

Many foreign investors, who tended to be holders of longer-dated paper, fled the Spanish market during last year's bear market conditions, leaving domestic investors to shoulder the burden. Domestic investors, however, are now reluctant to take on more, he said.

"The long end [of the yield curve] is fragile," he said. "Domestic investors are not looking to take more [bonds] so yields could rise a lot."

Others are more optimistic. "On any sensible measure of medium-term value, Spain is relatively cheap. But we are in a phase where markets are behaving irrationally towards the medium term, and are driven instead by short-term sentiment," said Mr Ceris Williams, director of fixed interest at Rothschild Asset Management.

While his bond fund is heavily overweight in the core European markets - and has been since late 1994 - Mr Griffiths says he may turn to Portuguese bonds, rather than Spanish bonds, once currency instability has abated.

"The state of the Portuguese economy is much better than Spain's, but due to the strong trading links between the two countries, the peseta devaluation was too large for the Portuguese authorities to ignore," said Mr John Ferreira, head of Portuguese research at Carnegie, the specialist brokerage house.

Australian dollar sector attracts three borrowers

By Conner Middlemann

Eurobond issuers took cover amid turmoil in the foreign exchange markets. Only the Australian dollar sector, which attracted three borrowers, appeared to offer access to capital.

INTERNATIONAL BONDS

Nomura led two Australian dollar deals largely targeted at Japanese investors. One was a \$500m issue of three-year deep-discount bonds for the Treasury Corporation of Victoria, paying a 4.5 per cent coupon and issued at 97.94.

According to one syndicate

official, there is significant appetite for Australian dollar assets in Japan and investors felt the Australian dollar could be getting close to its low against the yen.

Volkswagen International Finance issued \$500m of 9.5 per cent five-year bonds, also for Nomura at 98.50. The deal was aimed at retail investors attracted by the high coupon, especially compared with domestic instruments.

Belgium's Kredietbank issued \$500m of 10 per cent three-year bonds. The deal was targeted at investors in the Benelux region attracted by the high coupon, said lead manager Daiwa Europe. Defying volatile conditions in the Italian bond market, the

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
SWISS FRANCES	100	6.75	101.85	Dec 1999	1.50	-	Merrill Lynch Capital M&A
ITALIAN LIFE	1500n	10.80	97.84	Mar 1999	1.50	-	BCV/SBS/Deutsche/S.P. Paolo
AUSTRALIAN DOLLARS	100	10.00	101.125	Apr 1998	1.375	-	Daiwa Europe
Kredietbank Int. Finance	100	4.50	97.955	Mar 1998	1.375	-	Nomura International
Treasury Corp. of Victoria	100	4.50	98.50	Mar 2000	1.375	-	Nomura International

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch applied by lead manager. *Unrelated. **Interest-free coupon. **Fixed-to-floating price: basis shown at re-offer level. a) European Swap Assoc. issue launched 2/2/95 was increased to \$500m. Short 1st coupon. b) Issue launched 7/2/95 was increased to 1.750n.

European Investment Bank increased its recently issued 10.8 per cent four-year bonds by 1.50n, bringing the total issue size to 1.750n.

The Republic of Ireland is rumoured to be planning a \$100m to \$150m issue of 10-year

bonds yielding around 4.5 per cent. Morgan Stanley is tipped as lead manager for the deal, which is expected today.

Moody's Investors Service has placed the long-term ratings of Internationale Nederlanden Bank - Aa2 for its

deposits and senior debt, and Aa3 for its subordinated debt - under review for possible downgrade following the announcement that ING plans to buy substantially all of the businesses of Barings, the failed UK merchant bank.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Coupon	Red Date	Price	Yield	Week	Month
Australia	6.000	99.04	91.8300	-1.710	10.37
Austria	7.500	01.05	90.0700	-0.88	7.61
Belgium	7.750	10.04	96.4700	-0.040	8.22
Canada	9.000	12.04	100.5500	-0.800	8.91
Denmark	7.000	12.04	87.5700	-0.450	8.77
France	6.000	05.08	101.0300	-0.060	7.99
Germany	7.500	04.05	96.6500	-0.340	8.13
Italy	7.500	01.05	100.1400	-0.230	7.38
Japan	5.000	01.05	90.0700	-0.88	7.61
Netherlands	7.500	03.05	101.4000	-0.240	7.54
Portugal	8.875	01.04	84.1000	-0.010	11.86
Spain	10.600	02.05	87.4400	-1.210	12.23
Sweden	6.000	02.05	100.7100	-0.150	10.72
UK Gilts	8.000	08.09	99.26	-0.32	8.55
US Treasury	8.500	12.05	98.28	-0.32	8.68
ECU (French Govt)	7.825	02.05	100.10	-0.032	7.81
ECU (German Govt)	8.000	04.04	94.0900	-0.300	6.58

Source: MAS International

US INTEREST RATES

Instrument	Rate
1-month	6.88
3-month	7.12
6-month	7.27
9-month	7.41
12-month	7.61

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATF)

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	110.56	-0.15	111.24	110.65	40,690	41,459
Jun	110.22	-0.12	110.22	110.22	2	4,890

LONG TERM FRENCH BOND FUTURES (MATF)

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	110.56	-0.15	111.24	110.65	40,690	41,459
Jun	110.22	-0.12	110.22	110.22	2	4,890

Est. vol. total: 11,417 Puts 20,055 - Previous day's open int. Calls 118,231 Puts 162,506

Germany

NOTIONAL GERMAN BOND FUTURES (LHFF)

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	91.03	-0.21	91.31	90.87	90,915	80,578
Jun	90.24	-0.26	90.33	90.16	146,952	142,952
Sep	90.10	-0.28	-	-	0	1,657

*LHFF Futures are traded on APF. All Open interest figs. are for previous day.

UK Gilts Prices

Notes	Yield	Price	Yield	Price	Yield	Price
1000	7.12	99.26	7.12	99.26	7.12	99.26
1000	7.12	99.26	7.12	99.26	7.12	99.26

BUND FUTURES OPTIONS (LHFF) DM250,000 points of 100%

Strike	Price	Yield	Strike	Price	Yield
100	0.52	0.78	100	0.52	0.78
100	0.52	0.78	100	0.52	0.78

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Italy

NOTIONAL ITALIAN GOVT. BOND (BTF) FUTURES

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	94.10	0.31	94.10	94.10	93,200	118,260
Jun	93.10	0.30	93.10	93.10	43,451	43,451

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Spain

NOTIONAL SPANISH BOND FUTURES (METF)

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	82.91	-1.42	83.32	82.11	61,556	53,855
Jun	82.55	-1.37	83.02	81.70	6,944	10,107

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

UK

NOTIONAL UK GILT FUTURES (LHFF) £50,000 points of 100%

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	101.23	-0.11	101.23	101.23	10,088	3,827
Jun	102.00	-0.11	102.00	102.00	11,102	6,957

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

US

US TREASURY BOND FUTURES (CBT) \$100,000 points of 100%

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	102.27	-0.10	102.27	102.27	52,489	144,275
Jun	102.09	-0.15	102.10	101.78	216,201	216,201
Sep	101.10	-0.15	101.12	101.12	492	10,336

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Japan

NOTIONAL JAPANESE GOVT. BOND FUTURES

Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	111.30	-0.11	111.44	111.28	176	0
Jun	110.53	-0.10	110.62	110.45	2,233	0

*LHFF Futures are traded on APF. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Index	Mar 6	Mar 3	Mar 2	Mar 1	Feb 28	Y1	Y2	Y3	Y4	Y5
UK Gilts	118.77	-0.01	118.79	1.32	2.53	5 yrs	8.58	8.54	8.33	8.62
US Treasuries	118.77	-0.01	118.79	1.32	2.53	5 yrs	8.58	8.54	8.33	8.62

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

Est. vol. total: 3,708 Puts 5894 - Previous day's open int. Calls 13,622 Puts 10,787

TRUSTS - Cont.

Flaming Indian, 540	20	1	24
Warrens	220		84
Flaming Japan, 540	051		185
Warrens	365		347
Flaming Mexico, 540	78		17
Warrens	271	10	347
Flaming U.S., 540	159	10	159
For 5 Col Ent, 540	81		148
For 5 Col Euro, 540	44	10	148
For 5 Col Gen, 540	2150	10	222
For 5 Col Ent, 540	763		77
For 5 Col Euro, 540	215		148
For 5 Col Gen, 540	31		105
Warrens	581		105
For 5 Col Ent, 540	91		148
For 5 Col Euro, 540	24		347
For 5 Col Gen, 540	24		347

16.2	For Do Pre	172	
16.1	For Do Pre	172	
15.9	For Do Pre	172	
15.8	For Do Pre	172	
15.7	For Do Pre	172	
15.6	For Do Pre	172	
15.5	For Do Pre	172	
15.4	For Do Pre	172	
15.3	For Do Pre	172	
15.2	For Do Pre	172	
15.1	For Do Pre	172	
15.0	For Do Pre	172	
14.9	For Do Pre	172	
14.8	For Do Pre	172	
14.7	For Do Pre	172	
14.6	For Do Pre	172	
14.5	For Do Pre	172	
14.4	For Do Pre	172	
14.3	For Do Pre	172	
14.2	For Do Pre	172	
14.1	For Do Pre	172	
14.0	For Do Pre	172	
13.9	For Do Pre	172	
13.8	For Do Pre	172	
13.7	For Do Pre	172	
13.6	For Do Pre	172	
13.5	For Do Pre	172	
13.4	For Do Pre	172	
13.3	For Do Pre	172	
13.2	For Do Pre	172	
13.1	For Do Pre	172	
13.0	For Do Pre	172	
12.9	For Do Pre	172	
12.8	For Do Pre	172	
12.7	For Do Pre	172	
12.6	For Do Pre	172	
12.5	For Do Pre	172	
12.4	For Do Pre	172	
12.3	For Do Pre	172	
12.2	For Do Pre	172	
12.1	For Do Pre	172	
12.0	For Do Pre	172	
11.9	For Do Pre	172	
11.8	For Do Pre	172	
11.7	For Do Pre	172	
11.6	For Do Pre	172	
11.5	For Do Pre	172	
11.4	For Do Pre	172	
11.3	For Do Pre	172	
11.2	For Do Pre	172	
11.1	For Do Pre	172	
11.0	For Do Pre	172	
10.9	For Do Pre	172	
10.8	For Do Pre	172	
10.7	For Do Pre	172	
10.6	For Do Pre	172	
10.5	For Do Pre	172	
10.4	For Do Pre	172	
10.3	For Do Pre	172	
10.2	For Do Pre	172	
10.1	For Do Pre	172	
10.0	For Do Pre	172	
9.9	For Do Pre	172	
9.8	For Do Pre	172	
9.7	For Do Pre	172	
9.6	For Do Pre	172	
9.5	For Do Pre	172	
9.4	For Do Pre	172	
9.3	For Do Pre	172	
9.2	For Do Pre	172	
9.1	For Do Pre	172	
9.0	For Do Pre	172	
8.9	For Do Pre	172	
8.8	For Do Pre	172	
8.7	For Do Pre	172	
8.6	For Do Pre	172	
8.5	For Do Pre	172	
8.4	For Do Pre	172	
8.3	For Do Pre	172	
8.2	For Do Pre	172	
8.1	For Do Pre	172	
8.0	For Do Pre	172	
7.9	For Do Pre	172	
7.8	For Do Pre	172	
7.7	For Do Pre	172	
7.6	For Do Pre	172	
7.5	For Do Pre	172	
7.4	For Do Pre	172	
7.3	For Do Pre	172	
7.2	For Do Pre	172	
7.1	For Do Pre	172	
7.0	For Do Pre	172	
6.9	For Do Pre	172	
6.8	For Do Pre	172	
6.7	For Do Pre	172	
6.6	For Do Pre	172	
6.5	For Do Pre	172	
6.4	For Do Pre	172	
6.3	For Do Pre	172	
6.2	For Do Pre	172	
6.1	For Do Pre	172	
6.0	For Do Pre	172	
5.9	For Do Pre	172	
5.8	For Do Pre	172	
5.7	For Do Pre	172	
5.6	For Do Pre	172	
5.5	For Do Pre	172	
5.4	For Do Pre	172	
5.3	For Do Pre	172	
5.2	For Do Pre	172	
5.1	For Do Pre	172	
5.0	For Do Pre	172	
4.9	For Do Pre	172	
4.8	For Do Pre	172	
4.7	For Do Pre	172	
4.6	For Do Pre	172	
4.5	For Do Pre	172	
4.4	For Do Pre	172	
4.3	For Do Pre	172	
4.2	For Do Pre	172	
4.1	For Do Pre	172	
4.0	For Do Pre	172	
3.9	For Do Pre	172	
3.8	For Do Pre	172	
3.7	For Do Pre	172	
3.6	For Do Pre	172	
3.5	For Do Pre	172	
3.4	For Do Pre	172	
3.3	For Do Pre	172	
3.2	For Do Pre	172	
3.1	For Do Pre	172	
3.0	For Do Pre	172	
2.9	For Do Pre	172	
2.8	For Do Pre	172	
2.7	For Do Pre	172	
2.6	For Do Pre	172	
2.5	For Do Pre	172	
2.4	For Do Pre	172	
2.3	For Do Pre	172	
2.2	For Do Pre	172	
2.1	For Do Pre	172	
2.0	For Do Pre	172	
1.9	For Do Pre	172	
1.8	For Do Pre	172	
1.7	For Do Pre	172	
1.6	For Do Pre	172	
1.5	For Do Pre	172	
1.4	For Do Pre	172	
1.3	For Do Pre	172	
1.2	For Do Pre	172	
1.1	For Do Pre	172	
1.0	For Do Pre	172	
0.9	For Do Pre	172	
0.8	For Do Pre	172	
0.7	For Do Pre	172	
0.6	For Do Pre	172	
0.5	For Do Pre	172	
0.4	For Do Pre	172	
0.3	For Do Pre	172	
0.2	For Do Pre	172	
0.1	For Do Pre	172	
0.0	For Do Pre	172	

[illegible][illegible][illegible][illegible]

OFFSHORE AND OVERSEAS

Int'l Days	From Price	Selling Price	Buying Price	+ or -
---------------	---------------	------------------	-----------------	-----------

[illegible]

Job	Notes	Selling Price	Buying Price	Our Profit
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
71				
72				
73				
74				
75				
76				
77				
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95				
96				
97				
98				
99				
100				

[illegible]

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474
----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

[illegible]

Guaranteed Fund	\$12.00	13.00	=
Guaranteed Fund	24.00	25.00	=
Guaranteed Fd Ltd	24.72	25.72	=

[illegible]

THE

[illegible]

BT Global Assets Fund	52-28	7-98	=
BT Global Assets Fund	52-28	7-98	

[illegible]

[illegible]

THE

[illegible]

Walter Bank Investment Services			
1st West Corp. Pk. No.	911.72	1.20	
Investment Services	21.05		-0.05
Investment Services	21.05	1.74	

[illegible]

40113 40114 40115 40116 40117

	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729
--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

— 10 —

[illegible]

Plaid Machine Parts			
Chassis & M			
1.0000000000000000	1000.00	1.00	+0

[illegible]

...

[illegible]

European Global SICAV (u)

[illegible]

THE

[illegible]

Schroder International Selection F
1.3 rue Gauthier L-1037

[illegible][illegible]

1.21
 1.20
 1.19
 1.18
 1.17
 1.16
 1.15
 1.14
 1.13
 1.12
 1.11
 1.10
 1.09
 1.08
 1.07
 1.06
 1.05
 1.04
 1.03
 1.02
 1.01
 1.00
 0.99
 0.98
 0.97
 0.96
 0.95
 0.94
 0.93
 0.92
 0.91
 0.90
 0.89
 0.88
 0.87
 0.86
 0.85
 0.84
 0.83
 0.82
 0.81
 0.80
 0.79
 0.78
 0.77
 0.76
 0.75
 0.74
 0.73
 0.72
 0.71
 0.70
 0.69
 0.68
 0.67
 0.66
 0.65
 0.64
 0.63
 0.62
 0.61
 0.60
 0.59
 0.58
 0.57
 0.56
 0.55
 0.54
 0.53
 0.52
 0.51
 0.50
 0.49
 0.48
 0.47
 0.46
 0.45
 0.44
 0.43
 0.42
 0.41
 0.40
 0.39
 0.38
 0.37
 0.36
 0.35
 0.34
 0.33
 0.32
 0.31
 0.30
 0.29
 0.28
 0.27
 0.26
 0.25
 0.24
 0.23
 0.22
 0.21
 0.20
 0.19
 0.18
 0.17
 0.16
 0.15
 0.14
 0.13
 0.12
 0.11
 0.10
 0.09
 0.08
 0.07
 0.06
 0.05
 0.04
 0.03
 0.02
 0.01
 0.00

0-1-10000

**1 million influential people
just like you read the FT
every day.**



**A loose insert talks
to them directly.**

Inserting your brochure or leaflet into the FT gives you a direct line into the boardrooms of as many companies as you require, reaching top executives when they are at their most receptive. Your insert would appear solus, giving you their undivided attention.

Find out more by calling
Mike or Jo on 0171 873 3362

هكذا من اجل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OTHER OFFSHORE FINDS


[illegible]

OFFSHORE INSURANCES

FT GUIDE TO
MOTOR
SPORT 1995

Scheduled for publication
27 April 1995

Full colour magazine covering
Formula 1, Saloon Car racing,
Indycar and Rallying - providing
the enthusiast with the guide
to this years events.



For more detailed
information on advertising
opportunities phone

Colin Davies or Julia Woolley
071 873 3512 071 873 4645

WORLD STOCK MARKETS

[illegible]

US INDICES

[illegible]

To subscribe to the FT call Europe: + 49 69 156 850
Asia/Pacific: + 81 3 3295 17 11 USA/Canada: + 1 212 752 4500

TOKYO - MOST ACTIVE STOCKS Monday, March 10, 1986							
	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Meiji Seika	8.1m	568	-3	Chiba Bank	4.1m	747	+6
Sumitomo Concr.	7.6m	751	+4	Mitsubishi Hvy	3.9m	632	-2
Nippon Steel	6.8m	341	+1	Tochiba Corp	3.2m	815	-1
Lion	6.6m	570	-2	Hitachi	3.1m	874	-4
	4.9m	435	+9	Kansai Paint	3.1m	543	+3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	15	16	17	18</																																																																																		

Continued on next page

BE OUR GUEST.



ARABELLA
GRAND HOTEL
FRANKFURT AM MAIN

When you stay with us in
FRANKFURT
stay in touch -
with your complimentary copy of the



FINANCIAL TIMES
World Business Newspaper

After 3-5sec Expiration

[illegible]

Mar 3 Sea temperature

[illegible]

Financial Times. World Business Newspaper.

Cambridge	812	70	8%	8%	14	Interact	0.04	17	88	14%	11%	Angus Ann	16	212	7%	7%	7%	Warrick	27	211	5%	5%	5%			
Cambridge	103	187	16%	14%	10%	Integr						Peartree	0.00	7	10%	10%	10%	Warrick	102	16	220	23%	23%			
Cambridge						Integr	2	304	36	4%	5%	Penry Trn		5	17	17		Warrick	PM 025	18	178	24%	24%			
Cambridge						Integr						Penry Trn	1.80	20	21	21		Warrick	10-40	24	23	18	40%	40%		
Cambridge	135	23	25%	25%	25%	Integr						Penry Trn		7	45%	45%	45%	Warrick		2	818	3%	3%	3%		
Cambridge	1	208	61%	6%	7%	Integr						Penry Trn		11	870	4%	3%	4%	Warrick		0	947	27%	27%	27%	
Cambridge	0.50	10	28%	18%	16%	Integr						Penry Trn	1.60	25	27	27%	27%	Warrick		0.86	10	97	31%	31%	31%	
Cambridge	44	549	6%	6%	8%	Integr						Penry Trn		12	289	15%	15%	15%	Warrick		8	21	9%	9%	9%	
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		1	72	19%	19%	19%	
Cambridge	0.02	22	2630	22	22%	Integr						Penry Trn		11	289	15%	15%	15%	Warrick		1.00	2230	32	32	32	
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		31	1573	22	21%	21%	
Cambridge	1	1734	1%	1%	1%	Integr						Penry Trn		11	289	15%	15%	15%	Warrick		1.028	8	36	14%	14%	14%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.40	18	1314	20	19%	19%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick		0.03	21	1176	3%	5%	5%
Cambridge						Integr						Penry Trn		11	289	15%	15%	15%	Warrick</							

